



ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the Fiscal Year End
August 31, 2025

Prepared by the Accounting Department

Montgomery County, Texas



San Jacinto River Authority
1577 Dam Site Road
Conroe, Texas 77304

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INTRODUCTORY SECTION



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January 22, 2026

Public and Board of Directors
San Jacinto River Authority
Montgomery County, Texas

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the San Jacinto River Authority (SJRA or Authority) for the fiscal year ended August 31, 2025. The purpose of the ACFR is to provide reliable financial information about the SJRA to the SJRA's Board of Directors, customers, general public, and other interested parties. The SJRA's Accounting Department has prepared the ACFR in accordance with generally accepted accounting principles (GAAP). Management assumes full responsibility for the completeness and reliability of the information contained in the ACFR, based upon a comprehensive framework of internal controls that are established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective of such internal controls is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

An independent auditor, Knox Cox & Co., LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the SJRA's financial statements for the year ended August 31, 2025. The independent auditor's report is located at the front of the financial section of the ACFR.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Authority

Governance

The San Jacinto River Authority is a conservation and reclamation district, body politic and corporate, and a governmental agency of the State of Texas created and operating under the provisions of a series of acts compiled as Vernon's Annotated Texas Civil Statutes, Article 8280-121, enacted pursuant to the provisions of Section 59 of Article XVI of the Texas Constitution, whose area comprises all of the territory within the watershed of the San Jacinto River and its tributaries, except that portion of the watershed lying within the boundaries of Harris County. Such geographical area consists of all of Montgomery County and parts of Waller, Grimes, Walker, San Jacinto, Liberty, and Fort Bend counties.

The SJRA is governed by a board of seven directors appointed to four-year staggered terms by the governor of the State of Texas. The SJRA has statutory power for developing, conserving, and protecting the water resources of the San Jacinto River watershed. The



SJRA provides a variety of services including water and wastewater treatment; municipal, industrial, and agricultural raw water supply; water quality management and reservoir operations. These operations are accounted for in the division descriptions below.

General & Administration Division

This division is located in the general business office at Lake Conroe, consists of professional, technical, accounting, administrative, and support staff working under the direction of the General Manager. The General & Administration Division's primary function is to provide management and support services to SJRA's five operating divisions (listed below).

Highlands Division

This division is located in East Harris County, operates a pump station at Lake Houston, as well as an extensive 27-mile system of canals and a 1,400-acre reservoir for delivery of raw water to industrial, municipal, and agricultural customers. The Highlands Division also operates additional pump stations that transfer raw water from the Trinity River via the Coastal Water Authority (CWA) to the Highlands Division's East Canal and South Canal systems.

Lake Conroe Division

This division is situated seven miles west of Interstate 45 at the Lake Conroe Dam. The SJRA supplies raw water from Lake Conroe to various customers, including a major industrial customer. Built as a water supply reservoir and completed in 1973, Lake Conroe is operated and maintained by the SJRA; however, the City of Houston owns two-thirds of the permitted water rights in the reservoir and participates in two-thirds of the Lake Conroe costs. In addition to operating and maintaining the dam, this Division handles the licensing, regulation, and enforcement functions related to onsite sewage facilities immediately around Lake Conroe, boat sanitation, piers, boat slips, boathouses, marinas, and other facilities operated or constructed around or on Lake Conroe. The Lake Conroe Division collects fees associated with these permits and licenses. In addition, the Lake Conroe Division has contracted with five Woodlands MUDs to maintain the Bear Branch Reservoir and drainage system. The participating MUDs makes annual contributions to cover the budgeted expenses and any capital improvements based on a prorate share. The Bear Branch is accounted for as a separate enterprise from the Lake Conroe Division.

Woodlands Division

This division is located in southern Montgomery County and provides wholesale water supply and wastewater treatment services to the 121,514-person community of The Woodlands (*CensusReporter.org*). To provide these services, SJRA operates wastewater treatment plants, lift stations, water wells, water plants, water booster pump stations, elevated and ground storage tanks, and miles of wastewater collection systems and water transmission facilities. The Woodlands Division purchases surface water from the



Groundwater Reduction Plan (GRP) Division to blend with groundwater provided by the water wells.

Groundwater Reduction Plan (GRP) Division

This division's offices are located at the Lake Conroe Dam, consists of a surface water treatment plant and associated transmission lines. This GRP Division provides an alternative water supply (in lieu of groundwater) for its participants that ensures reliable, long-term water supplies for its participants in Montgomery County. The GRP Division was originally formed to meet the groundwater reduction requirements of the Lone Star Groundwater Conservation District (LSGCD). This Division designed, constructed, operates, and maintains the surface water treatment plant and transmission lines. SJRA withdraws raw surface water from Lake Conroe, treats it to meet or exceed federally mandated drinking water standards, and then transmits it to selected customer cities and water utilities within Montgomery County to reduce the area's reliance on groundwater (aquifer) sources.

Flood Management Division

This division was created in the spring of 2018 pursuant to a directive from Governor Greg Abbott. The purpose of the Flood Management Division is to develop short-term and long-term regional flood management strategies within the San Jacinto River Basin. The intent is to build partnerships with federal, state, and local governmental entities; identify funding options and/or revenue sources; and coordinate, collaborate, and partner with other flood management entities within the San Jacinto River Basin.

Economic Condition and Outlook

The Texas Economy

According to the Texas Comptroller of Public Accounts Key Economic Indicators as of August 2025:

- the unemployment rate change from previous year for Texas remained the same while the U.S. rate increased by 2.4%;
- the change in CPI from previous year for Texas increased 1.1% while the U.S. increased by 2.6%; and
- the change in Consumer Confidence Index from previous year for Texas decreased by 6.1% while the U.S. decreased by 7.4%.

The Comptroller issued the "The Gulf Coast Region: 2024 Regional Snapshot Report" and the "2024 Texas Regional Report" showing population growth to be 18.4% in the Region vs. 15.1% for Texas and 6.2% for the U.S. for 2012-2022. In addition, the Bureau of Economic Analysis data, showed the Per Capita Personal Income Growth to be 3.4% for Houston-The Woodlands-Sugar Land Metropolitan Statistical Area (2023), 5.2% for Texas (2024), and 4.6% for the U.S. (2024).



The Local Economy

The SJRA's boundaries include the entire watershed of the San Jacinto River and its tributaries excluding Harris County. The SJRA serves many customers in the greater Houston area and is authorized to operate in Harris County east of the San Jacinto River. The SJRA does not collect any type of taxes, so other than revenue received from customers, the SJRA's only other source of funds are from grants or bonds. Continued population growth within SJRA's service area will lead to an increasing demand for water. With SJRA's service area located between Houston and Dallas, two rapidly growing major metropolitan areas, the need for future water supplies and reliable planning is vital, and as a result, SJRA's Board of Directors and staff are working diligently to assess the need for future water supplies and plan accordingly.

Financial Information

SJRA Management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the SJRA are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable assurance, but not absolute assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As demonstrated by the statements and schedules included in the financial section of this report as well as the MD&A also included herein, the SJRA continues to meet its responsibility for sound financial management. The SJRA encourages readers to closely review each section of this report including the review provided by the MD&A in order to have a thorough understanding of the SJRA, its activities, financial position, and results of operations.

Major Initiatives

For the Year

During Fiscal Year 2025, the SJRA Board of Directors voted to issue \$19.6 million in partial defeasance of a GRP Division bond. The Board was able to do so due to an increased unrestricted cash balance resulting from drought conditions causing higher than budgeted groundwater pumpage revenue for the GRP Division in prior fiscal years and utilizing Debt Service Reserve excess cash from interest earnings and reduction of debt service from the Fiscal Years 2024 and 2025 debt defeasances.

The Highlands Division began final design of the Lake Houston Pump Station Pump and Motor Replacement. The Division also began construction of Siphon 39 and South Canal



Levee Improvements between Siphon 37 and Customer, which is partially funded by customer contributions. The Division completed construction of Siphons 16, 17, and 18 grade improvements and erosion repair, and North Reservoir Crossing and Middle Crossing culvert replacements. The Division also completed construction of the Emergency Operations Center, located at the Lake Houston Pump Station, during Fiscal Year 2025.

During Fiscal Year 2025, SJRA continued planning for adequate, long-term water resources for the San Jacinto River Basin, including Montgomery County, along with the planning necessary for the development of additional future supplies of water. This initiative was evident in the work of SJRA staff related to raw water supply master planning, pursuit of additional water rights, and regional water planning.

The Flood Management Division was successfully awarded TWDB Flood Infrastructure Fund (FIF) Grants at the end of Fiscal Year 2021 for four projects:

- Spring Creek Watershed Flood Control Dams Conceptual Engineering Feasibility,
- Lake Conroe - Lake Houston Joint Operations Study,
- Upper San Jacinto River Basin Regional Sedimentation Study, and
- The San Jacinto County Flood Early Warning System.

Three of the four projects are in partnership with other entities and stakeholders in the basin to meet the local match for the grants. SJRA's portion of the local match for the projects are primarily being provided as in-kind services. The San Jacinto County Flood Early Warning System was completed during Fiscal Year 2024. The Flood Management Division continued performance of the three remaining projects in Fiscal Year 2025. The fourth project, the Lake Conroe – Lake Houston Joint Operations Study, that was on hold pending City of Houston efforts to design new gates at the Lake Houston dam began in late Fiscal Year 2025.

The Woodlands aging wastewater system is in need of renewal. The Woodlands issued \$42.9 million in bonds on November 7, 2017, to address major renewal needs. This is in addition to the continued annual renewal of the system that is paid for by the Woodlands Repair and Replacement Fund. During Fiscal Year 2023, the Woodlands Division completed the first phase of the Wastewater Strategic Plan to evaluate the Wastewater system needs as a whole and analyze alternatives to address the renewal of the wastewater treatment plants and conveyance in The Woodlands. Alternatives evaluated included:

- rehabilitation of the current wastewater treatment plants,
- replacement of the current wastewater treatment plants, and
- consolidation Wastewater Treatment Plants Nos. 1 and 2.



Wastewater Treatment Plant No. 3 is not being considered in this study as it is the newest in age. This Strategic Plan included significant engagement of project stakeholders including representatives from the Municipal Utility District's (MUDs) served by the Woodlands Division, the Woodlands Water Agency, the Howard Hughes Corporation, the Woodlands Chamber of Commerce, and the Woodlands Township. The evaluation committee voted to move forward to phase two of the Wastewater Strategic Plan and limited the scope to replace Wastewater Treatment Plant No. 1, not consolidate Wastewater Treatment Plant Nos. 1 and 2. During Fiscal Year 2024, the second phase of the Wastewater Strategic Plan continued the project with master planning efforts and evaluating capacity optimization of the Wastewater Treatment Plant No. 1. At the direction of the Woodlands Water Agency MUDs, additional cost evaluations were performed of single-phase replacement alternative versus partial rehabilitation alternative. During Fiscal Year 2025, a condition assessment of the concrete structures was completed and evaluation of alternatives of a path forward for Wastewater Treatment Facility No. 1 began and is anticipated to continue into Fiscal Year 2026.

The Lake Conroe Division completed electrical upgrades at the Lake Conroe Dam Service Outlet during Fiscal Year 2025. During Fiscal Year 2025, the Lake Conroe Division also continued construction of improvements to the Lake Conroe maintenance facilities with anticipated completion during Fiscal Year 2026.

For the Future

In 2026 the GRP Contracts will remain in force and effect in accordance with their terms..(Refer to MD&A and Note 12 in the Notes to Financial Statements for a discussion of the status of ongoing litigation related to the GRP, including the status of collection of amounts due and owing SJRA by certain GRP participants.) However, SJRA reached a settlement agreement in 2025 with the City of Conroe and began delivering additional surface water to the City. Other water utilities also requested additional surface water increasing the utilization and revenues associated with the surface water treatment plant.

For Fiscal Year 2025, the GRP Pumpage Fee was set at \$2.67 per thousand gallons of groundwater pumped by the participating entity and is billed monthly. The GRP Surface Water Fee was set at \$3.26 per thousand gallons of surface water received by the participating entity. These fees may change in the future as necessary to cover costs. During Fiscal Year 2025, the Board of Directors voted for a decrease in GRP rates for Fiscal Year 2026. The total cost of the entire surface water system that was constructed to meet the 2016 deadline was \$490 million. As of the end of the Fiscal Year 2025, 149 participants were still part of the SJRA GRP.

The background on the GRP Division includes the follow highlights:

- In November 2009, the LSGCD adopted final regulations that required certain groundwater users to prepare and submit a Groundwater Reduction Plan by April 1, 2010, outlining how large volume groundwater users intended to meet a January



2016 deadline for the reduction of groundwater use and conversion to alternative water supplies.

- The SJRA met this regulatory requirement with the development of a long-term approach that provided a compliance solution for participants within the county who choose to join.
- The SJRA plan was designed so that any large volume groundwater user in the county could join the SJRA's Joint GRP by executing a GRP Contract and paying the required GRP Pumpage Fee and/or GRP Surface Water Fees monthly.
- The GRP Division was responsible for implementing the surface water program and constructing, operating, and maintaining the necessary infrastructure that started delivering surface water in mid-September 2015, ahead of the January 1, 2016, deadline. On September 8, 2020, the LSGCD adopted new regulations which, in pertinent part, repealed its regulations requiring certain water users implement a GRP in order to reduce groundwater use and convert to alternative water supplies.

The Highlands Division's upcoming initiatives will include completing construction of improvements to Siphon 39, which have been identified as needing replacement due to age, structural condition, and potential for failure, and the South Canal levee between Siphon 37 and Customer in late Fiscal Year 2026. Improvements will provide additional canal capacity by providing adequate freeboard for future customer demands and canal levee slope stability. The Division also anticipates beginning construction to replace the Lake Houston Pump Station Pumps and Motors.

During Fiscal Year 2026, the Lake Conroe Division plans to complete construction of the improvements to Lake Conroe's maintenance facilities. After completion of the aforementioned project to improve the maintenance facilities, improvements to the Lake Conroe campus pavement are anticipated to begin during Fiscal Year 2026. These projects will address the existing failing maintenance building and will increase efficiency, safety, and maintenance capabilities of the Lake Conroe Division maintenance staff.

For Fiscal Year 2026, there are minor enhancements to the newly installed Enterprise Resource Planning (ERP) software system.

During late Fiscal Year 2021, the Authority began a project to replace the current Enterprise Resource Planning (ERP) software. The Authority had engaged an experienced ERP software selection consultant to provide guidance and aid in determining system requirements, developing a Request for Proposal (RFP), evaluating the RFP responses, developing software demonstration scripts, conducting software demonstrations, and aiding in contract negotiations with the selected vendor. At the end of Fiscal Year 2022, the ERP selection committee had shortlisted the responses down and seen demonstrations from all three vendors. SJRA selected a firm and began implementation of the selected software during Fiscal Year 2023. The Authority began transitioning from its previous ERP software to the new ERP software during late Fiscal Year 2024 with completion occurring in Fiscal Year 2025.



Acknowledgements

Independent Audit

Section 49.191 of the Texas Water Code requires an annual audit of the SJRA's accounting records by a certified public accountant or public accountant holding a permit from the Texas State Board of Public Accountancy and selected by the Board of Directors. The firm Knox Cox & Co., LLP was selected following SJRA's protocol for selection of professional services to conduct the Fiscal Year 2025 financial audit. We appreciate their professionalism, timeliness, and assistance in completing this report. Copies of this report will be filed with the Texas Commission on Environmental Quality (TCEQ), State Comptroller, State Auditor, and Texas Water Development Board.

Awards

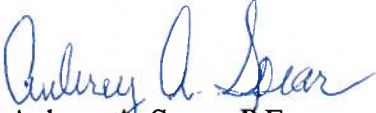
The Government Finance Officers Association of the United States and Canada (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended August 31, 2024. This was the 16th consecutive year that SJRA has achieved this prestigious award. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management.


To be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR, whose contents conform to program standards. Such an ACFR must satisfy both accounting principles generally accepted in the United States of America and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate for Fiscal Year 2025.


Acknowledgements

We congratulate our employees for another successful year of operation. Without their dedication and professionalism, we could not have provided such a high level of service to the customers of the SJRA service area. The preparation of the Annual Comprehensive Financial Report on a timely basis was made possible by the dedicated staff of the SJRA's Accounting Department.

Sincerely,


Aubrey A. Spear, P.E.
General Manager


Pam J. Steiger, CPA
Chief Financial Officer


Jamye L. Lewis, CPA
Controller

SAN JACINTO RIVER AUTHORITY

Certificate of Achievement for Excellence in Financial Reporting



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**San Jacinto River Authority
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

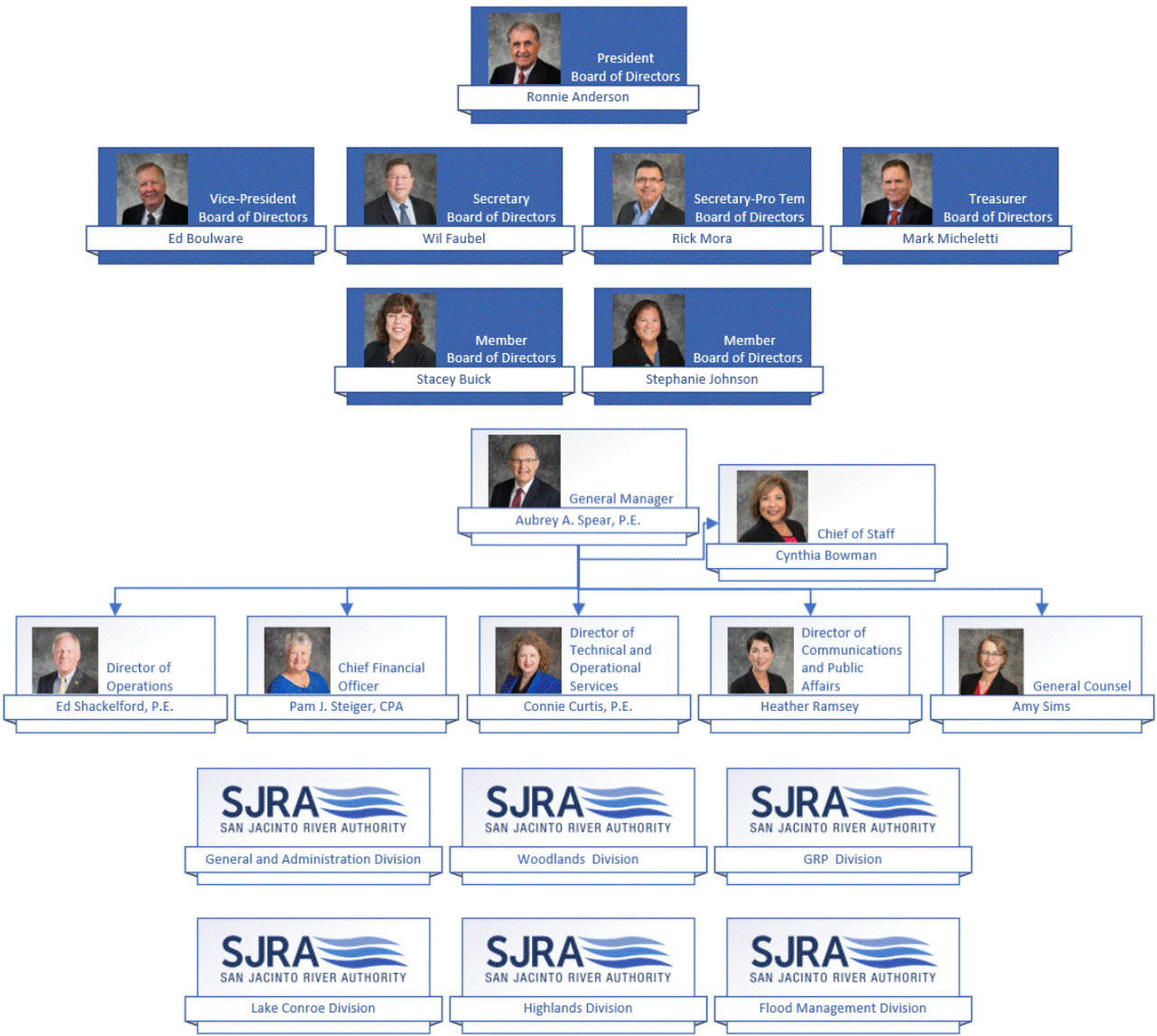
August 31, 2024

Christopher P. Morill

Executive Director/CEO

SAN JACINTO RIVER AUTHORITY

Organizational Chart



SAN JACINTO RIVER AUTHORITY

Board of Directors

	<u>Term Expires</u>
Ronnie Anderson, President	2027
Charles "Ed" Boulware, Vice-President	2027
William "Wil" Faubel, Secretary	2025
Ricardo "Rick" Mora, Secretary-Pro Tem	2025
Mark Micheletti, Treasurer	2027
Stacey Buick, Member	2027
Stephanie Johnson, Member	2025

The San Jacinto River Authority is governed by seven directors, appointed by the Governor of the State of Texas. Each director serves a four-year term, and may continue to serve after such term until a successor is appointed.

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FINANCIAL SECTION



Independent Auditors' Report

Board of Directors
San Jacinto River Authority
Montgomery County, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the fiduciary activities of the San Jacinto River Authority (the "Authority"), as of and for the year ended August 31, 2025, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Authority, as of August 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, which resulted in a restatement of beginning net position. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing

standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information on pages 7-14 and 69-76 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The other supplementary information, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic

financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

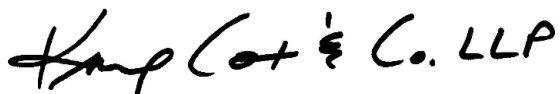
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections included in the annual report but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2026, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Handwritten signature of Kamp Co. & Co. LLP in black ink.

Sugar Land, Texas
January 22, 2026

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SAN JACINTO RIVER AUTHORITY

MANAGEMENT DISCUSSION AND ANALYSIS

The management of the San Jacinto River Authority (the "Authority") offers readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended August 31, 2025. We encourage readers to consider the information presented here in conjunction with the financial statements and the notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The Authority's total assets and deferred outflows were \$817.5 million; of this amount, approximately \$542.9 million represents net capital assets and \$274.6 million represents cash and cash equivalents and other current, noncurrent and deferred outflow of resources.
- Liabilities for the Authority totaled \$466.1 million of which \$424.5 million accounts for obligations under long-term debt. During Fiscal Year 2025, the GRP Division early defeased a bond for \$19.6 million.
- The Authority's total assets and deferred outflows exceeded liabilities and deferred inflows by approximately \$347.8 million. This amount represents net position; of this amount, \$121.2 million is net investment in capital assets. An additional \$124.2 million is restricted net position and the remaining \$102.4 million represents unrestricted net position.
- Operating revenues, net of eliminations, for the Authority at year-end were \$128.1 million. The major revenue sources, net of eliminations, were wholesale water and wastewater treatment service fees to Woodlands' MUDs of \$41.8 million; Groundwater Reduction Plan fees of \$52.0 million; untreated water sales to industrial, municipal and agricultural customers of \$22.7 million; contractual revenues of \$3.9 million for City of Houston's cost sharing commitment of Lake Conroe; and capacity charges of \$4.7 million.
- Operating expenses totaled \$92.7 million. Highlights within operating expenses were salaries, wages and employee benefits of \$21.3 million, operating supplies of \$29.2 million, maintenance, repairs and parts of \$6.7 million and depreciation and amortization of \$26.9 million.
- Non-operating expenses exceeded non-operating revenues by approximately \$8.9 million. This was primarily attributable to interest expense paid on bonds that totaled \$19.6 million as of year-end.
- Capital contributions totaled \$1.0 million, of which \$0.83 million was due to contributions from the five Woodlands MUDs surrounding Bear Branch flowage easement and \$0.21 million due to contributions from local partners to Flood Management for the local funding match requirements related to the Flood Infrastructure Fund (FIF) Grant Projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management Discussion and Analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements include three components: 1) business-type and fiduciary fund financial statements, 2) notes to the financial statements, and 3) required supplementary information. This report also contains other supplementary information in addition to the basic financial statements.

ENTERPRISE FUNDS

Enterprise Funds are used to report the same functions presented as business-type activities in the basic financial statements. The Authority's major Enterprise Funds are presented by division as follows:

- Raw Water Supply
- Highlands Division
- Lake Conroe Division
- Woodlands Division
- Groundwater Reduction Plan Division
- Flood Management
- General and Administration Division
- Bear Branch
- Region H

FIDUCIARY FUND

The fiduciary fund is used to report on the Authority's Pension Trust Fund.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

STATEMENT OF NET POSITION

The Statement of Net Position for the Authority is presented as one of the required basic financial statements. The Statement of Net Position includes all of the Authority's assets and liabilities. A major function of the Statement of Net Position is to measure the ability of the Authority to meet its current and long-term obligations. In the Statement of Net Position, the difference between total assets and total liabilities is titled as Net Position.

State and local governments report the net value or "Net Position" in these major categories:

- Net Investment in Capital Assets
- Restricted
- Unrestricted

The Governmental Accounting Standards Board (GASB) believes the users of the Authority's financial statements should know whether "Net Position" was invested in capital assets, are restricted for future use or their future use is unrestricted.

FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of a financial statement position. In the case of the Authority, assets exceeded liabilities by \$347.8 million at the close of the most recent fiscal year.

As of August 31, 2025 and 2024

	2025	2024
Assets		
Current assets	\$ 266,685,155	\$ 246,911,804
Noncurrent assets	5,627,640	25,876,750
Capital assets	542,855,677	560,279,930
Total Assets	815,168,472	833,068,484
Deferred Outflows of Resources	2,340,924	5,320,121
Liabilities		
Current liabilities	39,512,000	44,945,627
Noncurrent liabilities	426,579,167	469,472,652
Total Liabilities	466,091,167	514,418,279
Deferred Inflows of Resources	3,663,291	2,731,632
Net Position		
Net Investment in Capital Assets	121,183,521	94,282,605
Restricted:		
Debt service	61,373,807	69,366,323
Construction	58,299,134	52,827,197
Other	4,535,630	5,492,698
Unrestricted	102,362,846	99,269,871
Total Net Position	\$ 347,754,938	\$ 321,238,694

- Current assets increased by \$19.8 million which represents a 8% increase from prior year. Unrestricted cash and cash equivalents increased by \$19.6 million mainly due to an increased unrestricted cash balance resulting from drought conditions causing higher than budgeted groundwater pumpage revenue for the GRP Division and a settlement agreement received from the City of Conroe, paying past due amounts through Fiscal Year 2025. Noncurrent assets decreased by \$20.2 million which represents a 78% decrease from the prior year. Long-Term Accounts Receivable decreased \$23.6 million primarily due to the settlement agreement with the City of Conroe and the write off of penalties and interest to bad debt expense.
- Capital assets decreased by \$17.4 million, primarily due to the net effect of increase in buildings, an increase in furniture, fixtures, and equipment, a decrease in construction in progress from ongoing capital improvements projects, and an increase in accumulated depreciation.
- Current liabilities decreased by \$5.4 million, a 12% decrease primarily due to the net impact of a decrease in Accounts Payable, a decrease in Accrued Interest Payable related to bonds, increase in Retainage Payable and a decrease in the current portion of bonds.
- Noncurrent liabilities and Long-Term Debt decreased by \$42.9 million, a 9% decrease primarily due to making the scheduled payments on existing bonds, early defeasance of a GRP Division bond in the amount of \$19.6 million, and a decrease in net pension liability of \$0.98 million.
- Total liabilities decreased by \$48.3 million, a 9% decrease from the prior year primarily due to a decrease in accounts payable and accrued liabilities-unrestricted, a decrease in current portion of bonds, and a decrease in long-term debt.

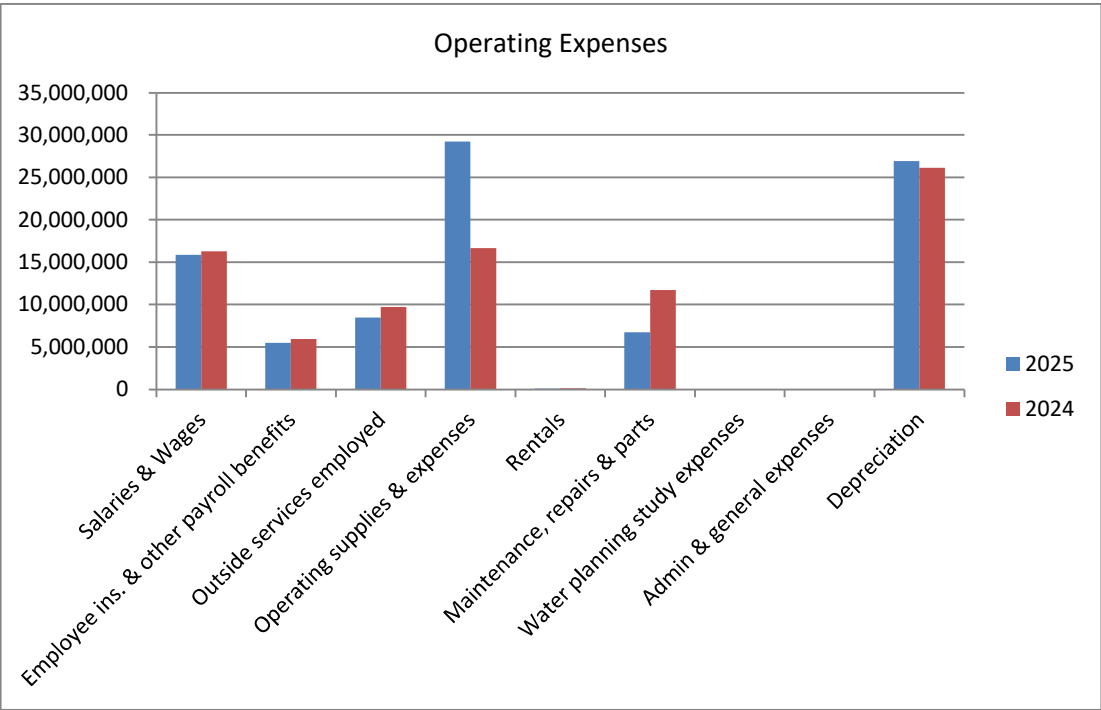
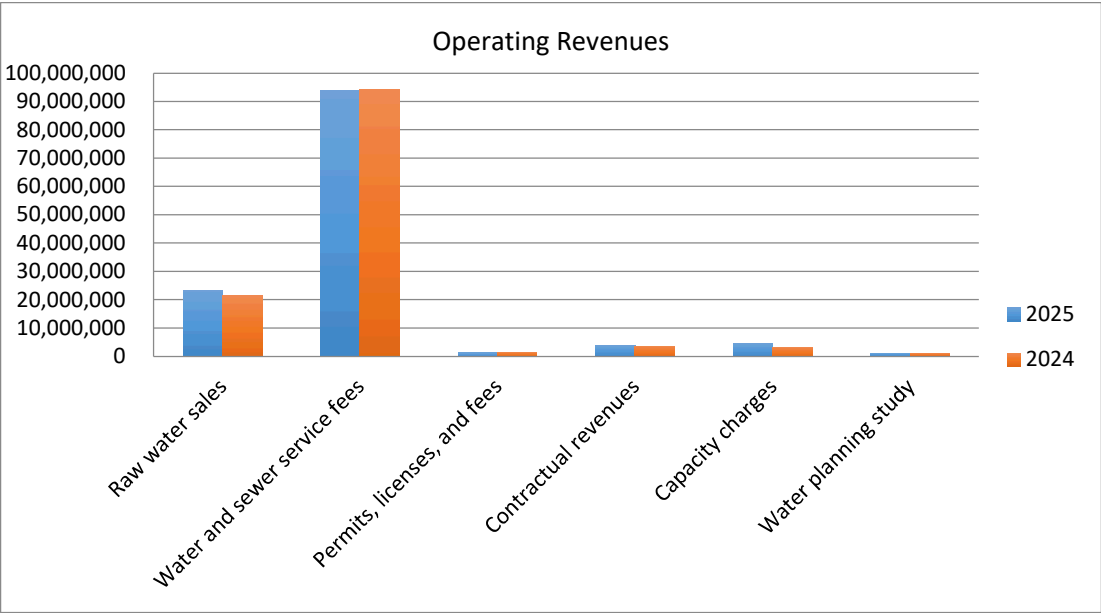
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position is the basic statement of activities for all the Authority's Divisions. The Authority does not seek to earn a profit in the long term. However, the Authority must cover its operations, maintenance and other costs while providing sufficient reserves annually from fees and charges since the Authority does not levy or collect any tax revenue. The Statement of Revenues, Expenses and Changes in Net Position measures how well annual costs are covered by fees and charges.

For the Years Ended August 31, 2025 and 2024

	2025	2024
Operating Revenues:		
Raw water sales	\$ 23,216,496	\$ 21,579,332
Water and sewer service fees	93,750,655	94,285,847
Permits, licenses and fees	1,345,330	1,483,354
Contractual revenues	3,891,740	3,526,911
Capacity charges	4,692,767	3,263,000
Water planning study (Region H)	1,240,628	984,321
Total Operating Revenues	128,137,616	125,122,765
Operating Expenses:		
Salaries and wages	15,871,336	15,212,672
Employee insurance and other payroll benefits	5,464,707	5,921,220
Outside services employed	8,450,794	9,689,245
Operating supplies & expenses	29,238,337	16,636,317
Rentals	88,702	116,464
Maintenance, repairs and parts	6,717,620	11,713,112
Water planning study expenses (Region H)		
Depreciation and amortization	26,903,570	26,124,568
Total Operating Expenses	92,735,066	85,413,598
Operating Income	35,402,550	39,709,167
Nonoperating Revenues (Expenses)		
Investment earnings (loss)	9,489,655	10,968,051
Gain (Loss) on disposal of assets	30,604	95,745
Other revenues	869,370	2,524,086
Amortization of bond premium/discounts	349,268	432,525
Interest expense and bond issuance costs	(19,585,766)	(21,286,865)
Total Nonoperating Revenues (Expenses)	(8,846,869)	(7,266,458)
Contributed Capital	1,031,769	1,609,179
Change in Net Position	27,587,450	34,051,888
Net position at beginning of year	321,238,694	287,186,806
Restated for GASB 101 adoption	(1,071,206)	
Net position at beginning of year	320,167,488	287,186,806
Net Position at End of Year	\$ 347,754,938	\$ 321,238,694

The following charts illustrate the breakdown of the Authority’s Operating Revenues and Operating Expenses, respectively.



- Total Operating Revenue increased \$3.0 million primarily due to an increase in raw water sales of \$1.6 million, an increase in capacity charges of \$1.4 million, and a decrease in water and sewer fees of \$0.5 million.

- Maintenance, repairs and parts decreased by \$5.0 million, a 43% decrease primarily related to a reduction of unanticipated and planned repairs that occurred in Fiscal Year 2024, but not in Fiscal Year 2025.
- Operating Supplies & Expenses increased by \$12.6 million, an increase of 76% over the previous year. The increase is primarily due to an increase in bad debt expense (\$9.9 Million) for the GRP division from writing off interest and penalties as part of the settlement agreement with the City of Conroe.

CAPITAL ASSETS AND LONG-TERM DEBT

CAPITAL ASSETS

The Authority's net capital assets as of August 31, 2025 totaled \$542.9 million. This investment in capital assets includes land; water permits and rights; office furniture, fixtures and equipment; Intangible right-to-use assets, other machinery and equipment; automobiles and trucks; buildings; dams and appurtenances; water systems; wastewater utility systems; capital improvement plans; and construction in progress. The total decrease in the Authority's capital assets, net for the current fiscal year was \$17.4 million, a 3% decrease.

Major capital asset events during the current fiscal year included the following:

- The Authority added \$5.9 million for Water Systems primarily related to the Siphons 16, 17, and 18 grade improvements and erosion repair, North Reservoir Crossing and Middle Crossing culvert replacements, and Siphon 7 improvements.
- The Authority added \$5.6 million for Buildings primarily related to the addition of Lake Houston Pump Station Remote Operations Center.
- The Authority decreased \$6.0 million for Construction in Progress for capital projects primarily related to the net effect of placing into service the implementation of Enterprise Resource Planning software, Siphons 16, 17, and 18 grade improvements and erosion repair, North Reservoir Crossing and Middle Crossing culvert replacements and improvements at the Lake Houston Pump Station campus, and an increase in progress projects primarily related to improvements to Lake Conroe's maintenance facility, improvements at Siphon 39 and South Canal Levee Improvements between Siphon 37 and Customer. In progress capital projects also includes Southshore Gravity Main rehabilitation, Wastewater Conveyance Optimization, and WWTF No. 1 Replacement in the Woodlands Division.

As of August 31, 2025 and 2024

	2025	2024
Capital Assets - at cost		
Land and land improvements	\$ 35,210,597	\$ 35,191,360
Water permits and rights	30,947,801	30,947,801
Office furniture, fixtures & equip	10,065,631	7,019,981
Other machinery and equipment	13,617,179	13,175,053
Intangible right-to-use assets	464,152	464,152
Automobiles and trucks	4,018,950	3,887,320
Buildings	32,786,140	27,230,094
Dams and appurtenances	10,261,051	10,115,636
Water systems	618,211,708	612,347,028
Wastewater utility systems	123,685,924	123,534,317
Capital improvement plans	3,283,942	3,283,942
Construction in progress	20,439,590	26,473,032
Less accumulated depreciation	<u>(360,136,988)</u>	<u>(333,389,786)</u>
Total Capital Assets	<u>\$ 542,855,677</u>	<u>\$ 560,279,930</u>

Additional information on the Authority's capital assets is presented in Note 4 of the notes to the financial statements.

LONG-TERM DEBT

At the end of the current fiscal year, the Authority had long-term debt of \$424.50 million. The debt primarily represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

As of August 31, 2025 and 2024

	2025	2024
Long-Term Debt		
First Lien Bonds -		
less current maturities	\$ 421,470,000	\$ 464,440,001
Lease liabilities - less current	43,495	103,545
Unamortized bond premium	<u>3,004,510</u>	<u>3,353,778</u>
Total Long-Term Debt	<u>\$ 424,518,005</u>	<u>\$ 467,897,324</u>

Additional information on the Authority's long-term debt is presented in Notes 5, 6 and 7 of the notes to the financial statements.

RESTATEMENT

Fiscal year 2024 net position was restated for the effects of the implementation of GASB Statement No. 101, *Compensated Absences*. See Note 12 of the notes to the financial statements for additional information on the restatement and Note 11, which provided detail on the Authority's compensated absence balances.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Controller of the San Jacinto River Authority; P.O. Box 329; Conroe, Texas 77305.

BASIC FINANCIAL STATEMENTS



SAN JACINTO RIVER AUTHORITY

STATEMENT OF NET POSITION

August 31, 2025

		Business Type Activities -			
		Raw Water Enterprise			
		Raw Water Supply	Highlands Division	Lake Conroe Division	
	Total	Eliminations			
<u>Assets and Deferred Outflows</u>					
Current Assets					
Cash and cash equivalents					
Unrestricted	\$ 83,415,814	\$	\$	\$ 6,525,009	\$ 4,204,198
Restricted:					
Debt service	61,088,992				
Construction	63,693,156		17,249,508		3,766,926
Other	1,916,110				
Investments - restricted					
Restricted:					
Debt service	7,481,039				
Construction	21,147,630				
Other	2,847,895				
Accounts receivable, net	18,445,876	(5,998,921)	3,787,847	542,279	2,190,835
Other receivables	607,993				
Inventory	546,779				
Prepaid expenses	5,493,871		5,915	113,409	70,320
Total Current Assets	266,685,155	(5,998,921)	3,793,762	24,430,205	10,232,279
Noncurrent Assets					
Net pension asset	3,385,744				
Accounts receivable - long-term	2,241,896				
Total Noncurrent Assets	5,627,640				
Capital Assets- at cost					
Land	29,196,595			6,770,498	5,403,095
Land Improvements	6,014,002			1,731,384	649,575
Intangible right-to-use assets	464,152			394,547	
Water permits and rights	30,947,801		30,947,801		
Furniture, fixtures and equipment	10,059,502		3,350	479,318	341,848
Other machinery and equipment	13,623,308			3,062,623	324,524
Automobiles and trucks	4,018,950			641,060	155,288
Buildings	32,786,140			5,897,973	157,294
Dams and appurtenances	10,261,051				8,542,116
Water systems	618,211,708			86,629,766	8,823
Wastewater utility systems	123,685,924				
Capital improvement plans	3,283,942			3,076,459	
Construction in progress	20,439,590		597,831	7,351,169	1,281,348
Accumulated depreciation and amortization	(360,136,988)		(871)	(31,895,296)	(4,896,497)
Total Capital Assets	542,855,677		31,548,111	84,139,501	11,967,414
Deferred Outflows of Resources					
Deferred outflows related to pension and OPEB	2,340,924				
Total Deferred Outflows of Resources	2,340,924				
Total Assets and Deferred Outflows					
	\$ 817,509,396	\$ (5,998,921)	\$ 35,341,873	\$ 108,569,706	\$ 22,199,693

Enterprise Funds					
Woodlands Division	Groundwater Reduction Plan Division	Flood Management Division	Bear Branch	Region H	General and Administration Division
\$ 12,543,480	\$ 47,178,647	\$	\$	\$	\$ 12,964,480
5,002,978	53,430,705				2,655,309
38,418,500			1,280,759		2,977,463
12,921		1,210,369	471,431	148,433	72,956
2,345,646					5,135,393
21,147,630					
2,847,895					
4,963,816	9,356,348		11,445		3,592,227
		607,993			
498,503	48,276				
624,698	4,487,410	4,091	2,156		185,872
88,406,067	114,501,386	1,822,453	1,765,791	148,433	27,583,700
					3,385,744
	2,241,896				
	2,241,896				3,385,744
1,832,159	14,306,156		884,687		
1,014,554	2,470,693		90,314		57,482
69,605					
2,165,530	2,814,475	7,142			4,247,839
9,010,062	1,070,380	56,550			99,169
1,445,436	591,569				1,185,597
2,948,028	16,041,905				7,740,940
			1,718,935		
107,256,826	424,131,388				184,905
123,685,924					
207,483					
10,545,494	16,777	448,789	183,098		15,084
(168,334,574)	(149,186,779)	(11,053)	(484,455)		(5,327,463)
91,846,527	312,256,564	501,428	2,392,579		8,203,553
					2,340,924
					2,340,924
\$ 180,252,594	\$ 428,999,846	\$ 2,323,881	\$ 4,158,370	\$ 148,433	\$ 41,513,921

SAN JACINTO RIVER AUTHORITY

STATEMENT OF NET POSITION

August 31, 2025

			Business - Type Activities -		
			Raw Water Enterprise		
	<u>Total</u>	<u>Eliminations</u>	<u>Raw Water Supply</u>	<u>Highlands Division</u>	<u>Lake Conroe Division</u>
<u>Liabilities</u>					
Current Liabilities					
Accounts payable and accrued liabilities - unrestricted	\$ 6,578,699	\$ (5,998,921)	\$ 87,542	\$ 952,968	\$ 894,156
OPEB liability - current	41,036			13,542	13,542
Restricted for Debt service:					
Current portion of bonds	23,375,000			2,155,000	
Current portion of lease liabilities	60,048			50,590	
Accrued interest payable	7,824,759			628,535	
Restricted for Construction:					
Retainage payable	276,464			64,740	164,999
Unearned revenue	1,355,994				
Total Current Liabilities	39,512,000	(5,998,921)	87,542	3,865,375	1,072,697
Noncurrent Liabilities					
OPEB liability	496,429			32,564	190,040
Compensated absences	1,564,733			48,236	113,522
Total Noncurrent Liabilities	2,061,162			80,800	303,562
Long-Term Debt					
First lien water revenue bonds - less current maturities	424,474,510			36,600,018	
Lease liabilities - less current	43,495			22,663	
Total Long-Term Debt	424,518,005			36,622,681	
Total Liabilities	466,091,167	(5,998,921)	87,542	40,568,856	1,376,259
Deferred Inflows of Resources					
Deferred inflows related to pension and OPEB	3,663,291				
Total Deferred Inflows of Resources	3,663,291				
<u>Net Position</u>					
Net Position					
Net investment in capital assets	121,183,521		31,548,111	45,246,490	11,818,124
Restricted:					
Debt service	61,373,807				
Construction	58,299,134			17,249,508	3,766,926
Other	4,535,630				
Unrestricted	102,362,846		3,706,220	5,504,852	5,238,384
Total Net Position	347,754,938		35,254,331	68,000,850	20,823,434
Total Liabilities, Deferred Inflows and Net Position	\$ 817,509,396	\$ (5,998,921)	\$ 35,341,873	\$ 108,569,706	\$ 22,199,693

Enterprise Funds

Woodlands Division	Groundwater Reduction Plan Division	Flood Management Division	Bear Branch	Region H	General and Administration Division
\$ 5,541,393 9,028	\$ 3,609,852	\$ 641,984	\$ 114,805	\$ 127,171	\$ 607,749 4,924
4,035,000 9,458 561,025 46,725	17,185,000 6,635,199				
		1,355,994			
<u>10,202,629</u>	<u>27,430,051</u>	<u>1,997,978</u>	<u>114,805</u>	<u>127,171</u>	<u>612,673</u>
258,867 339,089 597,956	160,634 160,634	37,372 37,372			14,958 865,880 880,838
49,009,137 20,832 49,029,969 59,830,554	338,865,355 338,865,355 366,456,040				
		2,035,350	114,805	127,171	1,493,511
					3,663,291
					<u>3,663,291</u>
65,267,027 6,787,599 33,024,478 2,860,816 12,482,120 120,422,040	(43,793,791) 46,795,506	501,428	2,392,579		8,203,553
					7,790,702
			1,280,759		2,977,463
		1,210,369	370,227	21,262	72,956
	59,542,091	(1,423,266)			17,312,445
<u>120,422,040</u>	<u>62,543,806</u>	<u>288,531</u>	<u>4,043,565</u>	<u>21,262</u>	<u>36,357,119</u>
<u>\$ 180,252,594</u>	<u>\$ 428,999,846</u>	<u>\$ 2,323,881</u>	<u>\$ 4,158,370</u>	<u>\$ 148,433</u>	<u>\$ 41,513,921</u>

SAN JACINTO RIVER AUTHORITY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended August 31, 2025

			Business - Type Activities -		
			Raw Water Enterprise		
	Total	Eliminations	Raw Water Supply	Highlands Division	Lake Conroe Division
Operating Revenues:					
Water sales:					
Industrial and Municipal	\$ 23,095,673	\$ (908,912)	\$ 23,648,914	\$	\$
Irrigation	120,823		120,823		
Water and sewer service fees	93,750,655	(16,759,438)			8,073
Permits, licenses and fees	1,345,330				1,226,133
Contractual revenues	3,891,740				3,891,740
Capacity charges	4,692,767				
Water planning grants	1,240,628				
Total Operating Revenues	<u>128,137,616</u>	<u>(17,668,350)</u>	<u>23,769,737</u>		<u>5,125,946</u>
Operating Expenses:					
Salaries and wages	15,871,336		301,339	2,284,478	2,474,964
Employee insurance and other payroll benefits	5,464,707		103,119	770,240	960,776
Outside services employed	8,450,794	(16,596,079)	146,316	361,590	1,321,448
Operating supplies and expenses	29,238,337	(1,072,271)	12,753	657,472	409,828
Rentals	88,702	(53,769)		36,275	55,370
Maintenance, repairs & parts	6,717,620			518,252	624,630
General and admin. expenses allocated			52,063	302,609	1,312,820
Depreciation and amortization	26,903,570		564	3,156,078	127,272
Total Operating Expenses	<u>92,735,066</u>	<u>(17,722,119)</u>	<u>616,154</u>	<u>8,086,994</u>	<u>7,287,108</u>
Operating Income (Loss)	<u>35,402,550</u>	<u>53,769</u>	<u>23,153,583</u>	<u>(8,086,994)</u>	<u>(2,161,162)</u>
Nonoperating Revenues (Expenses)					
Investment earnings (loss)	9,489,655		314	837,777	330,738
Gain (Loss) on disposal of assets	30,604			(4,156)	4,019
Other revenues	869,370	(53,769)	332	8,716	67,288
Amortization of bond premium/discounts	349,268		7,569	143,978	
Interest expense and bond issuance costs	(19,585,766)		(3,783)	(1,517,537)	
Total Nonoperating Revenues (Expenses)	<u>(8,846,869)</u>	<u>(53,769)</u>	<u>4,432</u>	<u>(531,222)</u>	<u>402,045</u>
Income (Loss) Before Contributions and Transfers	<u>26,555,681</u>		<u>23,158,015</u>	<u>(8,618,216)</u>	<u>(1,759,117)</u>
Transfers			(21,694,462)	15,098,982	1,435,909
Capital Contributions	<u>1,031,769</u>				
Change in Net Position	<u>27,587,450</u>		<u>1,463,553</u>	<u>6,480,766</u>	<u>(323,208)</u>
Net Position at Beginning of Year, as restated	<u>320,167,488</u>		<u>33,790,778</u>	<u>61,520,084</u>	<u>21,146,642</u>
Net Position at End of Year	<u>\$ 347,754,938</u>	<u>\$</u>	<u>\$ 35,254,331</u>	<u>\$ 68,000,850</u>	<u>\$ 20,823,434</u>

Enterprise Funds

Woodlands Division	Groundwater Reduction Plan Division	Flood Management Division	Bear Branch	Region H	General and Administration Division
\$	\$ 355,671	\$	\$	\$	\$
41,780,583	68,721,437				
119,197					
4,692,767					
		205,879	30,229	1,004,520	
46,592,547	69,077,108	205,879	30,229	1,004,520	
5,699,927	3,457,201	461,116	137,892		1,054,419
2,152,617	1,331,231	164,704	54,810		(72,790)
19,270,946	1,751,728	430,565	47,772	1,155,194	561,314
5,870,178	22,347,909	24,757	572	89	987,050
15,093	1,431		310		33,992
2,877,355	2,468,198	13,255	96,757		119,173
784,553	343,862	64,605	33,807		(2,894,319)
8,087,679	14,652,481	8,753	20,184		850,559
44,758,348	46,354,041	1,167,755	392,104	1,155,283	639,398
1,834,199	22,723,067	(961,876)	(361,875)	(150,763)	(639,398)
3,499,681	4,017,423	(27,390)	68,080	15,600	747,432
11,366					19,375
383,919	406,726	15,400	53		40,705
190,709	7,012				
(1,354,798)	(16,709,648)				
2,730,877	(12,278,487)	(11,990)	68,133	15,600	807,512
4,565,076	10,444,580	(973,866)	(293,742)	(135,163)	168,114
904,013	624,387	787,829	26,137		2,817,205
		205,879	825,890		
5,469,089	11,068,967	19,842	558,285	(135,163)	2,985,319
114,952,951	51,474,839	268,689	3,485,280	156,425	33,371,800
\$ 120,422,040	\$ 62,543,806	\$ 288,531	\$ 4,043,565	\$ 21,262	\$ 36,357,119

SAN JACINTO RIVER AUTHORITY

STATEMENT OF CASH FLOWS

Year Ended August 31, 2025

			Business - Type Activities -		
			Raw Water Enterprise		
			Raw Water Supply	Highlands Division	Lake Conroe Division
	Total	Eliminations			
Cash Flows from Operating Activities					
Cash received from customers	\$ 148,063,260	\$ (17,668,350)	\$ 23,629,342	\$ 872,147	\$ 5,012,548
Cash payments to suppliers for goods and services	(48,598,312)	17,722,119	(262,620)	(2,332,462)	(3,549,933)
Cash paid for employee services	(21,885,463)		(404,458)	(3,066,492)	(3,483,321)
Other revenues	869,370	(53,769)	332	8,716	67,288
Net Cash Provided (Used) by Operating Activities	78,448,855		22,962,596	(4,518,091)	(1,953,418)
Cash Flows from Noncapital Financing Activities					
Transfers			(21,694,462)	15,098,982	1,435,909
Net Cash Provided (Used) by Noncapital Finance Activities			(21,694,462)	15,098,982	1,435,909
Cash Flows from Capital and Related Financing Activities					
Principal paid on bonds	(43,250,000)		(1,135,000)	(2,070,000)	
Interest paid	(20,489,100)		(22,700)	(1,547,728)	
Acquisition of facilities and equipment	(9,483,474)		(110,748)	(2,869,054)	(1,180,608)
Lease payments	(58,954)			(50,042)	
Proceeds from the sale of assets	34,760				4,019
Capital contributions/(distributions)	1,031,769				
Net Cash Provided (Used) by Capital and Related Financing Activities	(72,214,999)		(1,268,448)	(6,536,824)	(1,176,589)

Enterprise Funds

Woodlands Division	Groundwater Reduction Plan Division	Flood Management Division	Bear Branch	Region H	General and Administration Division
\$ 47,429,537	\$ 81,320,028	\$	\$ 91,786	\$ 1,232,823	\$ 6,143,399
(34,960,994)	(20,908,386)	(570,736)	(254,390)	(1,444,458)	(2,036,452)
(7,886,560)	(4,798,407)	(623,250)	(192,702)		(1,430,273)
383,919	406,726	15,400	53		40,705
4,965,902	56,019,961	(1,178,586)	(355,253)	(211,635)	2,717,379
904,013	624,387	787,829	26,137		2,817,205
904,013	624,387	787,829	26,137		2,817,205
(3,930,000)	(36,115,000)				
(1,391,226)	(17,527,446)				
(4,096,484)	(176,653)	(167,308)	(40,305)		(842,314)
(8,912)					
11,366					19,375
		205,879	825,890		
(9,415,256)	(53,819,099)	38,571	785,585		(822,939)

SAN JACINTO RIVER AUTHORITY

STATEMENT OF CASH FLOWS

Year Ended August 31, 2025

	Total	Eliminations	Business - Type Activities -		
			Raw Water Enterprise		
			Raw Water Supply	Highlands Division	Lake Conroe Division
Cash Flows from Investing Activities					
Sale and maturity of investments	29,954,895				
Purchase of investments	(28,357,344)				
Interest earned	9,489,655		314	837,777	330,738
Net Cash Provided by Investing Activities	11,087,206		314	837,777	330,738
Net Increase (Decrease) in Cash and Cash Equivalents	17,321,062			4,881,844	(1,363,360)
Cash and equivalents at beginning of year	192,793,010			18,892,673	9,334,484
Cash and Equivalents at End of Year	\$ 210,114,072	\$	\$	\$ 23,774,517	\$ 7,971,124
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	\$ 35,402,550	\$ 53,769	\$ 23,153,583	\$ (8,086,994)	\$ (2,161,162)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Other revenues and expenses	869,370	(53,769)	332	8,716	67,288
Depreciation and amortization	26,903,570		564	3,156,078	127,272
Bad debt expense	9,861,650				
(Increase) decrease in receivables	22,686,452	5,998,921	(140,395)	872,147	(113,398)
(increase) decrease in inventory	(6,618)				
(Increase) decrease in prepaid expenses and deposits	(4,062,760)		(911)	(40,828)	5,874
(Increase) decrease in net pension asset	(3,385,744)				
Increase (decrease) in net pension liability	(982,319)				
Increase (decrease) in accounts payable and accrued liabilities	(12,900,387)	(5,998,921)	(50,577)	(415,436)	168,289
Increase (decrease) in OPEB liability	(96,580)			(6,335)	(36,972)
Increase (decrease) in deferred outflows	2,979,197				
Increase (decrease) in deferred inflows	931,659				
Increase (decrease) in compensated absen	160,573			(5,439)	(10,609)
Increase (decrease) in unearned revenue	88,242				
Total Adjustments	43,046,305	(53,769)	(190,987)	3,568,903	207,744
Net Cash Provided (Used) by Operating Activities	\$ 78,448,855	\$	\$ 22,962,596	\$ (4,518,091)	\$ (1,953,418)
Noncash Financing and Investing Activities					
Construction expenditures included in payables	\$	\$	\$	\$ 64,740	\$ 164,999
Loss on disposal of capital assets				(4,156)	

See Notes to Financial Statements.

Enterprise Funds

Woodlands Division	Groundwater Reduction Plan Division	Flood Management Division	Bear Branch	Region H	General and Administration Division
27,667,634					2,287,261
(25,848,904)					(2,508,440)
3,499,681	4,017,423	(27,390)	68,080	15,600	747,432
5,318,411	4,017,423	(27,390)	68,080	15,600	526,253
1,773,070	6,842,672	(379,576)	524,549	(196,035)	5,237,898
54,204,809	93,766,680	1,589,945	1,227,641	344,468	13,432,310
<u>\$ 55,977,879</u>	<u>\$ 100,609,352</u>	<u>\$ 1,210,369</u>	<u>\$ 1,752,190</u>	<u>\$ 148,433</u>	<u>\$ 18,670,208</u>
\$ 1,834,199	\$ 22,723,067	\$ (961,876)	\$ (361,875)	\$ (150,763)	\$ (639,398)
383,919	406,726	15,400	53		40,705
8,087,679	14,652,481	8,753	20,184		850,559
	9,861,650				
836,990	12,242,920	(549,673)	61,557	228,303	3,249,080
(21,658)	15,040				
(49,030)	(4,079,125)	158	29		101,073
					(3,385,744)
					(982,319)
(6,169,606)	148,396	217,840	(75,201)	(289,175)	(435,996)
(50,363)					(2,910)
					2,979,197
					931,659
113,772	48,806	2,570			11,473
		88,242			
3,131,703	33,296,894	(216,710)	6,622	(60,872)	3,356,777
<u>\$ 4,965,902</u>	<u>\$ 56,019,961</u>	<u>\$ (1,178,586)</u>	<u>\$ (355,253)</u>	<u>\$ (211,635)</u>	<u>\$ 2,717,379</u>
\$ 46,725	\$	\$	\$	\$	\$

San Jacinto River Authority
STATEMENT OF FIDUCIARY NET POSITION
PENSION TRUST FIDUCIARY FUND
August 31, 2025

Assets

Assets

Investments	
Fixed Income Securities	\$ 9,653,919
Equity Securities	15,865,541
Real Estate Investments	<u>2,568,403</u>
Total Assets	<u>28,087,863</u>

Liabilities and Net Position

Liabilities

Accrued expenses and benefit payable	<u> </u>
Total Net Position Restricted for Pension	<u>\$ 28,087,863</u>

See Notes to Financial Statements.
Measurement date is October 31, 2024

San Jacinto River Authority

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

PENSION TRUST FIDUCIARY FUND

Year Ended August 31, 2025

<u>Additions</u>	
Employer contributions	\$ 1,054,281
Investment Income (Loss)	<u>6,001,768</u>
Total Additions	<u>7,056,049</u>
<u>Deductions</u>	
Service Benefits	<u>1,718,339</u>
Total Deductions	<u>1,718,339</u>
Change in Net Position Restricted for Pension	5,337,710
 Net Position at Beginning of Yea	 <u>22,750,153</u>
Net Position at End of Year	<u><u>\$ 28,087,863</u></u>

See Notes to Financial Statements.
Measurement date is October 31, 2024

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SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the San Jacinto River Authority (the "Authority"), a governmental agency and political subdivision of the State of Texas, conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the more significant policies consistently applied in the preparation of the accompanying financial statements:

A. Reporting Entity

The reporting entity refers to the scope of activities, organizations and functions included in the financial statements. The Authority is a separate, self-supporting governmental unit and is administered by a Board of seven members who are appointed by the Governor of the State of Texas. There are no dependent functions or agencies that meet any of the criteria for inclusion in the reporting entity in accordance with the requirements of the GASB.

B. Business-Type Activities

The business-type activities and the related accounts of the Authority are organized on the basis of Enterprise Funds, each of which is considered a separate accounting entity. The operations of each Enterprise Fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, net position, revenues and expenses, as appropriate. These Enterprise Funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the cost of providing services to customers on a continuing basis (expenses, including depreciation) be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, debt service or other purposes.

The Enterprise Funds maintained by the Authority are described below:

General and Administration Fund ("General and Administration Division")

The General and Administration Division, located in the general business office at Lake Conroe, consists of professional, technical, accounting, administrative and support staff working under the direction of the General Manager. The General and Administration Division provides management and support services to the SJRA's five operating divisions, time, salary, and benefit costs are allocated to each division based on time worked and full-time equivalents (FTEs). The majority of the growth occurring during and after 2014 (see Number of Employees by Division, pages 100-101) was directly related to the planning and implementation of a groundwater reduction program in response to regulations adopted by the Lone Star Groundwater Conservation District.

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Raw Water Fund ("Raw Water Enterprise")

This Enterprise consists of the Highlands and Lake Conroe Divisions plus revenue and expenses associated with the Authority's overall raw water supply system that are not otherwise divisible between the Highlands Division and the Lake Conroe Division (Raw Water Supply). The Enterprise accounts for the long-term water sale contracts to industrial, agricultural and municipal customers from its raw water supplies. Most of the sales contracts contain provisions for the quantities of water, take or pay whether or not the water is used by the customers. Some of the sales contracts contain options and reservations for the additional purchases of near-term future water supplies by customers. In all such contracts, the Authority has reserved the right from time to time to adjust its rates for the sale and for reservation of raw water.

Highlands Fund ("Highlands Division")

This fund accounts for the long-term water sale commitments to several industrial, agricultural and municipal customers from its water resources in the Reservoir and Canal System located in Highlands, Texas.

Lake Conroe Dam and Reservoir Fund ("Lake Conroe Division")

The Authority contracted with the City of Houston for the joint construction of Lake Conroe. Under the terms of the contract, the City of Houston advanced two-thirds of the financing of such construction and owns two-thirds of permitted water rights of Lake Conroe. The Authority, in whom the legal title to the physical properties is vested, owns the remaining one-third of the permitted water rights. The Authority operates Lake Conroe for the benefit of itself and the City of Houston pursuant to the terms and conditions of a 2023 contract between the Authority and the City of Houston. The operating costs of Lake Conroe are generally borne one-third by the Authority and two-thirds by the City of Houston. The accompanying financial statements include only the costs of the Authority's ownership interest in Lake Conroe; therefore, the costs of the City of Houston's two-thirds interest of \$26,485,205 in Lake Conroe are excluded from the capital asset totals presented.

For operating Lake Conroe, the Authority is reimbursed for two-thirds of the net annual costs and expenses (after credits for revenues received from recreational facilities and other Lake Conroe sources except the sale of water) incurred by the Authority for maintenance, operation and capital outlays of Lake Conroe. Due to the joint ownership interests in capital assets, the accompanying financial statements present only the Authority's share in capital assets of Lake Conroe.

Woodlands Division Fund ("Woodlands Division")

This fund accounts for the wholesale water and wastewater treatment plants (Central Plants) and major water production, storage and distribution facilities and wastewater collection and conveyance equipment (Central Lines) located in The Woodlands, Texas. As described below, the Central Plants and Central Lines (collectively, the Central Facilities) are provided to this fund through purchases at actual costs of reserve capacity rights in such Central Facilities by the eleven municipal utility districts located in The Woodlands, Texas. Some of the costs of reserve capacity were reduced by federal grants received by the Authority for the initial cost of construction and expansion of wastewater treatment

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

facilities comprising a part of the Central Facilities. The Woodlands Division participates in the groundwater reduction program administered by the Authority's GRP Division. The GRP pumpage fee and surface water fee income and related payments are reflected in the eliminations column of the financial statements.

All activities necessary to provide wholesale water and sewer services from such assets are accounted for in this fund, including operations, maintenance, financing and related debt service, and billings to and collections from the participating municipal utility districts. The basic agreement with the municipal utility districts provides for wholesale water and wastewater service billings based upon the recovery of the actual expenses incurred for the operations, maintenance and contingency reserves for the Central Facilities, exclusive of depreciation of such assets, as well as capacity charges for the purchase of reserved capacity rights. As of August 31, 2025, the following municipal utility districts have purchased reserve capacity in such Central Facilities: Montgomery County Municipal Utility District Nos. 6, 7, 36, 39, 46, 47, 60 and 67, The Woodlands Municipal Utility District No. 1, The Woodlands Metro Center Municipal Utility District, and Harris-Montgomery Counties Municipal Utility District No. 386 (Montgomery County side only).

In the initial 1975 agreement and supplemental agreements thereto between the Authority and The Woodlands Development Company (Company) including its successors, the Company agreed to advance monies to the Woodlands Division, to the extent that funds were not otherwise available to finance the costs of the expansions to the Central Facilities. Such agreements also stipulate that sums advanced to the Woodlands Division by the Company shall be reimbursed to the Company from capacity charges received from the participating municipal utility districts. Since 1989, the Company has not been called upon to make any advances for such purposes, and substantially all prior advances by the Company have been fully reimbursed. The participating municipal utility districts make payment of capacity charges for purchased reserved capacity rights by contributing their respective pro rata shares of costs, in cash by contributing additional facilities in kind, or by payment of their pro rata shares of the debt services costs on contract revenue bonds issued by the Authority to finance the costs of Central Facilities.

Flood Management Fund ("Flood Management Division")

The Flood Management Division was created in the spring of 2018 to develop short-term and long-term regional flood management strategies within the San Jacinto River Basin. The intent is to build partnerships with federal, state, and local governmental entities; identify funding options and/or revenue sources; and coordinate, and partner with other flood management entities within the San Jacinto River Basin.

Groundwater Reduction Plan Fund ("Groundwater Reduction Plan Division")

As authorized by the Board of Directors, the Authority developed a Groundwater Reduction Plan (GRP) on behalf of all large volume groundwater users (LVGU's) within Montgomery County who choose to join. Individual LVGU's in Montgomery County will be able to comply with the Lone Star Groundwater Conservation District (LSGCD) regulatory requirements adopted by LSGCD in 2009. The projected water demand of all participating LVGUs is included in the planning for the Authority's regionalized surface water treatment and

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

transmission system. The specific requirements for this planning are set forth in the LSGCD's District Regulatory Plan. In order to join the Authority's GRP, individual LVGUs had to execute a GRP contract with the Authority obligating them to pay groundwater pumpage fees and/or surface water fees. The revenues from participant fees cover all costs associated with implementing the GRP program. On September 8, 2020, the LSGCD adopted new regulations which, in pertinent part, repealed its 2009 regulations. Notwithstanding the foregoing, the GRP Contracts remain in force and effect in accordance with their terms. See Note 12 for discussion of the status of ongoing litigation related to the GRP, including collection of amounts due and owing from certain GRP participants.

On October 16, 2009, a Water Supply Contract with City of Houston was fully executed by the Mayor of the City of Houston. The agreement allows the Authority to purchase surface water from the City's two-thirds share in Lake Conroe. The Authority will pay a reservation fee for water that is reserved from the City but not actually used in a given year. The reservation fee will be a prorated amount based on one-half of the City's share of the annual O&M and capital expenses for the Lake Conroe Division. The term of the agreement is for 80 years, with a continuation of service upon expiration under similar terms.

Bear Branch Fund ("Bear Branch")

The Authority owns and maintains the Bear Branch Reservoir System (Bear Branch) which provides elements of a storm water management system within a portion of The Woodlands, Texas service area. The Authority purchased the assets of Bear Branch from the Woodlands Land Development Company, LP in April 2000. All activities necessary to maintain and improve Bear Branch assets are accounted for in this fund. As of August 31, 2025, contracts have been signed with Montgomery County Municipal Utility Districts Nos. 7, 46, 47, 60 and 67 to purchase their agreed to proportionate share of reserve capacity rights for storm water detention resulting from the construction and maintenance of Bear Branch System.

Region H Fund ("Region H")

Under an agreement with the Texas Water Development Board, the Authority is the designated contracting agency and group-appointed administrator of the Region H Water Planning Group.

C. Fiduciary Activity

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the Authority's business-type activities because the resources of those funds are not available to the Authority. The Authority has fiduciary responsibility for the defined benefit pension plan. Accordingly, the Authority's Pension Trust Fund is included in the accompanying basic financial statement as a pension trust fund in the fiduciary fund statements. The fiduciary funds are reported using the economic resources measurement focus and accrual basis of accounting.

D. Measurement Focus and Basis of Accounting

The Enterprise Funds have a net income or economic resources measurement focus and are accounted for using the accrual basis of accounting, under which revenues are

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

recognized when they are earned including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred. With this measurement focus, all assets and liabilities associated with the operation of these funds are included in the Statement of Net Position.

The Authority distinguishes *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Authority's principal ongoing operations. The principal operating revenues of the Authority are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The Authority applies all GASB pronouncements as well as Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

E. Cash and Cash Equivalents, and Investments

Cash and cash equivalents include amounts in checking, savings, money market accounts and Public Funds Investment Pools and securities per the Authority's Investment Policy.

Restricted funds consist of construction and debt service funds derived from bond and debt issuances, operational revenues designated for specific purposes by the SJRA Board and other funds with contractual or legal constraints.

Investments are reported at fair value. Any changes in the fair value of financial investments are records as income.

F. Accounts Receivable

The allowance for doubtful accounts is established to provide an estimate of bad debts charged to revenues. Losses are charged against the allowance when Management believes the collectability of a receivable is unlikely. Subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is evaluated on a regular basis by Management and is based on historical experience and specifically identified questionable receivables. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. As of August 31, 2025, the Authority has record \$9,861,650 in bad debts.

G. Depreciation

Depreciation is provided for in amounts sufficient to relate the cost of the depreciable property to operations on a straight-line basis over their estimated useful lives in the Enterprise Funds. The depreciation for the Lake Conroe Division is based only on the one-third ownership interest of the Authority in such assets. The Authority's policy is to capitalize assets with an initial installed cost exceeding \$5,000 and useful life of five years or greater. The useful lives by the type of assets are as follows:

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

<u>Asset Class</u>	<u>Useful Life</u>
Office furniture, fixtures and equipment	5 years
Other machinery and equipment	5-10 years
Automobiles and trucks	5-10 years
Buildings	50 years
Dams and appurtenances	100 years
Water systems	30 years
Wastewater utility systems	30 years
Capital improvement plans	20 years

The Authority's Management considers its water permits and rights permanent in nature and since these intangible assets have no evident limited life, no amortization is being recognized.

H. Leases

The Authority is a lessee because it leases capital assets from other entities. As a lessee, the Authority reports lease liabilities and intangible right-to-use capital assets (also referred to as lease assets). The Authority recognizes lease proceeds and capital outlay at initiation of the lease, and the outflow of resources for the lease liability. At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. For additional information on intangible right-to-use assets and lease liabilities, see Note 5.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The Authority uses the interest rate charged by the lessor as the discount rate when explicit. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease and any options to renew that the Authority is reasonably certain to exercise. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise. The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure any lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported as intangible right-to-use asset along with other capital assets and lease liabilities are reported with current liabilities and long-term debt on the statement of net position.

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

I. Compensated Absences

The Authority recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. The liability for compensated absences is recorded as incurred.

J. Unamortized Bond Premium or Discount

Included within long-term debt is unamortized bond premium or discount. The bond premiums or discounts are being amortized over the life of the related obligation on the straight-line method.

K. Date of Management's Review

Subsequent events have been evaluated through January 22, 2026, which is the date the financial statements were available to be issued.

L. Net Position

Net position represents the difference between assets and liabilities. Investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent bond proceeds.

Net positions are reported as restricted when there are limitations imposed on their use by the SJRA Board or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Unrestricted net position represents the remaining portion of net position.

When both restricted and unrestricted resources are available for use, it is generally the Authority's policy to use restricted resources first.

M. Reclassifications

Certain reclassifications to prior year balances have been made to conform to current year presentation. Such reclassifications have no effect on the change in net position.

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

A summary of **net investment in capital assets** as of August 31, 2025 follows:

	Capital Assets -			
	Net of Depreciation & Amortization	Bonds Payable and Other	Unspent Proceeds and Other	Total
General and Administration Division	\$ 8,203,553	\$	\$	\$ 8,203,553
Raw Water Supply	31,548,111			31,548,111
Highlands Division	84,139,501	(38,893,011)		45,246,490
Lake Conroe Division	11,967,414	(149,290)		11,818,124
Woodlands Division	91,846,527	(53,121,152)	26,541,652	65,267,027
Groundwater Reduction Plan Division	312,256,564	(356,050,355)		(43,793,791)
Flood Management	501,428			501,428
Bear Branch	2,392,579			2,392,579
Total	\$ 542,855,677	\$ (448,213,808)	\$ 26,541,652	\$ 121,183,521

A summary of net position restricted for **debt service** as of August 31, 2025 follows:

	Liabilities		
	Restricted Cash for Debt Service	Payable from Restricted Cash for Debt Service	Total
General and Administration Division	\$ 7,790,702	\$	\$ 7,790,702
Woodlands Division	7,348,624	(561,025)	6,787,599
Groundwater Reduction Plan Division	53,430,705	(6,635,199)	46,795,506
Total	\$ 68,570,031	\$ (7,196,224)	\$ 61,373,807

A summary of net position restricted for **construction** as of August 31, 2025 follows:

	Liabilities			
	Restricted	Capital Related	Payable from	
	Cash for	Unspent Bond	Restricted	
	Construction	Proceeds	Cash for	Total
General and Administration Division	\$ 2,977,463	\$	\$ -	\$ 2,977,463
Highlands Division	17,249,508			17,249,508
Lake Conroe Division	3,766,926			3,766,926
Woodlands Division	59,566,130	(26,541,652)		33,024,478
Bear Branch	1,280,759			1,280,759
Total	\$ 84,840,786	\$ (26,541,652)	\$ -	\$ 58,299,134

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

A summary of net position restricted for **other** as of August 31, 2025 follows:

	Emergency Reserve	Grants and other	Total
General and Administration Division	\$	\$ 72,956	\$ 72,956
Woodlands Division	2,860,816		2,860,816
Region H		21,262	21,262
Flood Management		1,210,369	1,210,369
Bear Branch		370,227	370,227
Total	\$ 2,860,816	\$ 1,674,814	\$ 4,535,630

A summary of net position – **unrestricted** as of August 31, 2025 follows:

Designated				
	Operating Reserve	Emergency	Undesignated	Total
General & Administration Div.	\$ 1,909,391	\$ 583,142	\$ 14,819,912	\$ 17,312,445
Raw Water Supply			3,706,220	3,706,220
Highlands Division	3,332,708	3,192,301	(1,020,157)	5,504,852
Lake Conroe Division	1,288,492	2,915,706	1,034,186	5,238,384
Woodlands Division			12,482,120	12,482,120
Flood Management			(1,423,266)	(1,423,266)
Groundwater Reduct. Plan Div.		2,275,652	57,266,439	59,542,091
Total	\$ 6,530,591	\$ 8,966,801	\$ 86,865,454	\$ 102,362,846

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

All cash, savings, money market accounts and Public Funds Investment Pools are in various financial institutions and are carried at cost. Marketable securities are held at U.S. Bank and are carried at fair value.

	Book Balance	Bank Balance	Insurance & Fair Value of Collateral
Collateral held by pledging banks in the Authority's name	\$ 67,134,081	\$ 67,981,117	\$ 82,453,499
Cash equivalents, not requiring pledging by banks, money funds & Pools	174,456,555	174,456,555	N/A
Total Cash and Cash Equivalents	\$ 241,590,636	\$ 242,437,672	

The aforementioned cash equivalents are secured by U.S. Government obligations and

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

investment pools do not require collateral to be held by the financial institution.

Investment Policy

The Authority has adopted a written Public Funds Investment Act policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. The investments of the Authority are in compliance with its investment policy.

Investments

River authorities in Texas are authorized to make investments as follows:

- Obligations of the U.S. or its agencies
- Obligations of the state of Texas or its agencies
- Obligations guaranteed by the U.S. or the state of Texas
- Certificates of deposit of federally insured banks and savings and loans domiciled in Texas
- Various others meeting specific requirements

The Authority invested in obligations of the U.S. or its agencies as of August 31, 2025.

Public Funds Investment Pools

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAAM or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the fair value of its underlying investment portfolio within one half of one percent of the value of its shares. The Authority has been authorized by the Board of Directors to invest in the Pools. In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 79, investment pools use amortized cost (which excludes unrealized gains and losses) to compute share price without any limitation or restrictions on withdrawals. An external investment pool qualifies for amortized cost reporting if it transacts with its participants at a stable net asset value per share and meets various portfolio maturity, quality, diversification liquidity and pricing requirements. Investments in pools are deemed to have a weighted average maturity of one day. At August 31, 2025, the Authority participated in TexPool (\$103,373,586), TexStar (\$3,897,121) and Texas CLASS (\$34,562,148).

Interest Rate Risk

In accordance with its investment policy, the Authority manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than two years, in order to meet cash requirements for ongoing operation. The Authority's investments in the state investment pools via TexPool, TexStar and Texas CLASS were rated AAAM by Standard and Poor's.

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Credit Risk – Investments

In accordance with its investment policy, the Authority minimized credit risk losses due to default of a security issuer or backer, by limiting investments to the safest types of securities.

Investments – Fair Value

The Authority's investments are stated at fair value which is the amount that would be received in an asset sale or paid in an orderly transaction between unaffiliated market participants. The Authority categorizes the fair value measurement of its investments based on the hierarchy established by generally accepted accounting principles. The categorization of financial instruments within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement. The hierarchy is prioritized into three levels (with Level 3 being the lowest) defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2: Observable inputs other than prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated with observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies, and similar techniques that use significant unobservable inputs.

The fair value measurement of investments and the level within the fair value hierarchy at which the investments are measured at August 31, 2025 are as follows:

	<u>08/31/25</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
Money Market Funds	\$ 23,456,702	\$ 23,456,702	\$	\$
U.S. Treasury Notes	8,019,862		8,019,862	
Total Investments	<u>\$ 31,476,564</u>	<u>\$ 23,456,702</u>	<u>\$ 8,019,862</u>	<u>\$</u>

The Authority has no Level 3 inputs at August 31, 2025.

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NOTES TO FINANCIAL STATEMENTS

NOTE 3 – INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The individual interfund receivables/payables as of August 31, 2025 follow:

	<u>Receivables</u>	<u>Payables</u>
Enterprise Funds:		
Raw Water Supply	\$ 422,418	\$
General and Administration Division	3,217,988	21,673
Highlands Division	507,149	80,752
Woodlands Division	(234,215)	4,074,653
Lake Conroe Division	264,000	54,775
Groundwater Reduction Plan Division	1,724,059	1,430,297
Bear Branch	(4,328)	84,340
Region H		9
Flood Management Division	101,850	252,422
	<u>\$ 5,998,921</u>	<u>\$ 5,998,921</u>

Interfund balances and transfers primarily result from payroll transactions with related employee benefits, and GRP pumpage fees and GRP surface water fees. Payroll transactions and related employee benefits become the basis for expenses of the divisions and departments which use the services. Beginning in fiscal year 2010, interfund transactions record the monthly groundwater pumpage and surface water fees which is sources of revenue to the GRP Division and expenses of the Woodlands Division.

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – CAPITAL ASSETS

The following table summarizes the changes in the components of capital assets:

	Balance at Sept. 1, 2024	Additions	Deletions	Balance at August 31, 2025
Business-Type Activities:				
Capital Assets Not Being Depreciated:				
Land	\$ 29,196,595	\$	\$	\$ 29,196,595
Water permits and rights	30,947,801			30,947,801
Construction in progress	26,473,032	10,164,933	(16,198,375)	20,439,590
Total Capital Assets Not Being Depreciated	86,617,428	10,164,933	(16,198,375)	80,583,986
Capital Assets Being Depreciated:				
Land improvements	5,994,765	19,237		6,014,002
Furniture, fixtures and equipment	7,019,981	3,039,521		10,059,502
Other machinery and equipment	13,175,053	452,757	(4,502)	13,623,308
Automobiles and trucks	3,887,320	300,498	(168,868)	4,018,950
Right-to-use assets - equipment	464,152			464,152
Buildings	27,230,094	5,556,046		32,786,140
Dams and appurtenances	10,115,636	145,415		10,261,051
Water systems	612,347,028	5,864,680		618,211,708
Wastewater utility systems	123,534,317	151,607		123,685,924
Capital improvement plans	3,283,942			3,283,942
Total Capital Assets Being Depreciated/Amortized	807,052,288	15,529,761	(173,370)	822,408,679
Less Accumulated Depreciation and Amortization for:				
Land improvements	2,982,267	260,197		3,242,464
Furniture, fixtures and equipment	6,224,633	747,786		6,972,419
Other machinery and equipment	9,948,443	486,649	(4,502)	10,430,590
Automobiles and trucks	3,114,875	314,414	(151,866)	3,277,423
Right-to-use assets - equipment	257,459	93,016		350,475
Buildings	7,047,964	589,669		7,637,633
Dams and appurtenances	3,859,286	112,824		3,972,110
Water systems	220,884,635	19,490,725		240,375,360
Wastewater utility systems	78,523,092	4,753,558		83,276,650
Capital improvement plans	547,132	54,732		601,864
Total Accumulated Depreciation and Amortization	333,389,786	26,903,570	(156,368)	360,136,988
Total Capital Assets Being Depreciated/Amortized, Net	473,662,502	(11,373,809)	(17,002)	462,271,691
Business-Type Activities				
Capital Assets, Net	\$ 560,279,930	\$ (1,208,876)	\$ (16,215,377)	\$ 542,855,677

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – LEASES

The Authority has leasing arrangements, summarized below:

The Authority entered into a lease agreement to lease tower space to affix a SCADA antenna for the Woodlands Division for 60 months beginning October 1, 2013, with five optional 60-month renewal periods. The Authority has exercised two of the renewal options extending the contract expiration to September 30, 2028. Currently, the Authority is not reasonably certain to exercise future renewal options. As of August 31, 2025, there were 48 payments remaining of the term reasonably certain to be exercised. Under the terms of the lease, the Authority pays a monthly fee that is adjusted 3% each year and in Fiscal Year 2025 the monthly payments were \$806.

The Authority entered into a lease agreement to lease fiber optic lines serving the Highlands Division SCADA system for 60 months beginning August 20, 2021, with unlimited 12-month renewal options. After the initial term of the lease, the lease would be considered a short-term lease since it becomes cancelable on a year-to-year basis. As of August 31, 2025, there were 12 payments remaining of the contract term before becoming a short-term lease on August 19, 2026. Under the terms of the lease, the Authority pays a monthly fee of \$2,660.

The Authority entered into a lease agreement to lease fiber optic lines serving the Highlands Division IT system for 60 months beginning October 4, 2022, with unlimited 12-month renewal options. After the initial term of the lease, the lease would be considered a short-term lease since it becomes cancelable on a year-to-year basis. As of August 31, 2025, there were 26 payments remaining on the contract term before becoming a short-term lease on October 3, 2027. Under the terms of the lease, the Authority pays a monthly fee of \$1,761.

Lease liabilities as of August 31, 2025, are detailed as follows:

Lease Description	Contract End Date	Discount Rate	Balance at September 1, 2024	Retirements (Additions)	Balance at August 31, 2025	Amounts Due Within One Year
SCADA Tower Lease	9/30/28	3%	\$ 39,202	\$ 8,912	\$ 30,290	\$ 9,458
SCADA Fiber Lease	8/19/26	3%	60,969	19,535	41,434	20,129
IT Fiber Optic Lease	10/3/27	3%	62,327	30,508	31,819	30,461
Total Lease Liabilities			<u>\$ 162,498</u>	<u>\$ 58,955</u>	<u>\$ 103,543</u>	<u>\$ 60,048</u>

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NOTES TO FINANCIAL STATEMENTS

Schedule of future lease payments as of August 31, 2025:

Fiscal Year	Principal	Interest	Total
2026	\$ 60,048	\$ 2,271	\$ 62,319
2027	30,856	882	31,738
2028	12,639	184	12,823
Total	\$ 103,543	\$ 3,337	\$ 106,880

The Authority amortized the intangible right-to-use assets as of August 31, 2025:

Lease Activities	Balance at September 1, 2024	Additions	Deletions	Balance at August 31, 2025
Intangible right-to-use assets, net of accumulated amortization				
SCADA Antenna Tower Lease	\$ 29,554	\$	\$ (13,949)	\$ 15,605
SCADA Fiber Optic Lease	116,455		(59,379)	57,076
IT Fiber Optic Lease	60,684		(19,688)	40,996
Total	\$ 206,693	\$	\$ (93,016)	\$ 113,677

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NOTES TO FINANCIAL STATEMENTS

NOTE 6 – UNAMORTIZED BOND PREMIUM OR DISCOUNT

A summary of changes in the unamortized bond premium or discount follows:

	Original Bond Premium or (Discount)	Balance at Sept. 1, 2024	Current Year Amortization	Balance at Aug. 31, 2025
Raw Water Supply				
Water Revenue Refunding Bonds:				
Series 2019R-A	\$ 537,386	\$ 7,569	\$ 7,569	\$
Total Raw Water Supply	<u>537,386</u>	<u>7,569</u>	<u>7,569</u>	<u></u>
Highlands Division				
Water Revenue Bonds:				
Series 2013	265,830			
Series 2014	(1,348)	(1,111)	59	(1,170)
Series 2019R-B	<u>2,434,636</u>	<u>1,595,107</u>	<u>143,919</u>	<u>1,451,188</u>
Total Highlands Division	<u>2,699,118</u>	<u>1,593,996</u>	<u>143,978</u>	<u>1,450,018</u>
Total Raw Water Enterprise	<u>3,236,504</u>	<u>1,601,565</u>	<u>151,547</u>	<u>1,450,018</u>
Woodlands Division				
Special Project Revenue Refunding Bonds:				
Series 2014	1,183,116	408,061	129,248	278,813
Series 2014	<u>2,488,017</u>	<u>1,241,785</u>	<u>61,461</u>	<u>1,180,324</u>
Total Woodlands Division	<u>3,671,133</u>	<u>1,649,846</u>	<u>190,709</u>	<u>1,459,137</u>
GRP Division				
Special Project Revenue Bonds:				
Series 2011	114,995	56,954	4,353	52,601
Series 2016	<u>69,788</u>	<u>45,413</u>	<u>2,659</u>	<u>42,754</u>
Total GRP Division	<u>184,783</u>	<u>102,367</u>	<u>7,012</u>	<u>95,355</u>
Totals	<u>\$ 7,092,420</u>	<u>\$ 3,353,778</u>	<u>\$ 349,268</u>	<u>\$ 3,004,510</u>

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – LONG-TERM DEBT

A summary of changes in bonds payable follows:

	Interest Rates	Original Issuance	Balance at Sept. 1, 2024	Additions	Deductions	Balance at Aug. 31, 2025	Due Within One Year
Raw Water Supply							
Water Revenue Refunding Bonds:							
Series 2019A	3.00-4.00%	6,680,000	\$ 1,135,000	\$	\$ 1,135,000	\$	\$
Total Raw Water Supply			<u>1,135,000</u>		<u>1,135,000</u>		
Highlands Division							
Water Revenue Bonds:							
Series 2014	2.00-3.50%	5,360,000	4,005,000		190,000	3,815,000	200,000
Series 2015	0.89-4.28%	29,000,000	21,835,000		1,005,000	20,830,000	1,040,000
Series 2019A	2.00-5.00%	16,715,000	13,535,000		875,000	12,660,000	915,000
Total Highlands Division			<u>39,375,000</u>		<u>2,070,000</u>	<u>37,305,000</u>	<u>2,155,000</u>
Total Raw Water Enterprise			<u>40,510,000</u>		<u>3,205,000</u>	<u>37,305,000</u>	<u>2,155,000</u>
Woodlands Division							
Special Project Revenue Refunding Bonds:							
Series 2014	2.00-5.00%	11,355,000	5,675,000		700,000	4,975,000	735,000
Series 2014	3.00-5.00%	26,700,000	15,145,000		1,580,000	13,565,000	1,645,000
Series 2017	0.00-1.710%	42,895,000	34,695,000		1,650,000	33,045,000	1,655,000
Total Woodlands Division			<u>55,515,000</u>		<u>3,930,000</u>	<u>51,585,000</u>	<u>4,035,000</u>
Groundwater Reduction Plan Division							
Special Project Revenue Bonds:							
Series 2009	0.85-2.66%	21,500,000	9,605,000		1,830,000	7,775,000	1,870,000
Series 2011	3.00-5.25%	83,155,000	59,010,000		3,000,000	56,010,000	3,160,000
Series 2011A	1.47-4.97%	67,470,000	42,340,000		2,745,000	39,595,000	2,855,000
Series 2012	1.47-4.62%	175,000,000	116,620,000		6,290,000	110,330,000	6,525,000
Series 2012A	1.67-4.62%	165,000,000	135,510,000		20,990,000	114,520,000	1,460,000
Series 2013	0.53-4.76%	39,850,000	27,215,000		1,190,000	26,025,000	1,240,000
Series 2016	2.00-4.00%	2,305,000	1,770,000		70,000	1,700,000	75,000
Total Groundwater Reduction Plan Division			<u>392,070,000</u>		<u>36,115,000</u>	<u>355,955,000</u>	<u>17,185,000</u>
Total Bonds Payable			<u>\$ 488,095,000</u>	<u>\$</u>	<u>\$ 43,250,000</u>	<u>\$ 444,845,000</u>	<u>\$ 23,375,000</u>

Of the \$444,845,000 of bonds payable, \$421,470,000 is considered long-term and \$23,375,000 is considered current.

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

The Water Revenue Bonds within Raw Water Enterprise resolution requires that the gross revenues of the Authority, after deducting maintenance and operating expenses, shall be transferred in the following order:

- Debt Service Fund – No later than the fifth day preceding each maturity date, an amount sufficient to pay principal and interest on the outstanding Water Revenue Bonds.
- Debt Service Reserve Fund – On or before the fifth day of each month, such amounts in equal monthly installments, not less than one-sixtieth of the average annual sum payable in respect of the principal and interest scheduled to become due on the outstanding Water Revenue Bonds at the time of such computation.

The GRP Division Special Project Revenue Bond resolutions require that the gross revenues of the GRP, after deducting maintenance and operating expenses, shall be transferred in the following order:

- Debt Service Fund – No later than the fifth day preceding each maturity date, an amount sufficient to pay principal and interest on the outstanding Special Project Revenue Bonds in such fiscal year.
- Debt Service Reserve Fund – On a monthly basis, in equal monthly installments, an amount not less than one-sixtieth of the average annual sum payable in respect of the principal and interest scheduled to become due on the outstanding Special Project Revenue Bonds at the time of such computation.

The Woodlands Division Special Project Revenue Bond resolutions require that capacity charges be assessed, levied and made to and collected from the customers pursuant to the agreement on a monthly basis in an amount not less than one-twelfth of the scheduled amount of principal and interest to become due on the outstanding Special Project Revenue Bonds in such fiscal year.

The Woodlands Division 2017 Special Project Revenue Bond resolutions require that the gross revenues of the Woodlands, after deducting maintenance and operating expenses, shall be transferred in the following order:

- Debt Service Fund – No later than the fifth day preceding each maturity date, an amount sufficient to pay principal and interest on the outstanding Special Project Revenue Bonds in such fiscal year.
- Debt Service Reserve Fund – On a monthly basis, in equal monthly installments, an amount not less than one-sixtieth of the average annual sum payable in respect of the principal and interest scheduled to become due on the outstanding Special Project Revenue Bonds at the time of such computation.

Management believes the Authority is in compliance with the covenants of all bond issues.

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Maturities of bonds payable for the next five fiscal years and thereafter follow:

	Principal	Interest	Total
Raw Water Enterprise			
2026	\$ 2,155,000	\$ 1,465,242	\$ 3,620,242
2027	2,240,000	1,376,112	3,616,112
2028	2,340,000	1,281,183	3,621,183
2029	2,440,000	1,179,810	3,619,810
2030	2,545,000	1,078,124	3,623,124
2031-2035	14,270,000	3,825,370	18,095,370
2036-2040	11,315,000	114,765	11,429,765
2041-2045			
	<u>\$ 37,305,000</u>	<u>\$ 10,320,606</u>	<u>\$ 47,625,606</u>
Woodlands Division			
2026	\$ 4,035,000	\$ 1,281,746	\$ 5,316,746
2027	4,170,000	1,148,020	5,318,020
2028	4,305,000	1,005,925	5,310,925
2029	4,450,000	855,507	5,305,507
2030	4,590,000	696,950	5,286,950
2031-2035	14,325,000	1,888,307	16,213,307
2036-2040	9,575,000	903,411	10,478,411
2041-2045	6,135,000	157,444	6,292,444
	<u>\$ 51,585,000</u>	<u>\$ 7,937,310</u>	<u>\$ 59,522,310</u>
Groundwater Reduction Plan Division			
2026	\$ 17,185,000	\$ 15,626,248	\$ 32,811,248
2027	17,870,000	14,935,706	32,805,706
2028	18,595,000	14,212,130	32,807,130
2029	19,380,000	13,431,895	32,811,895
2030	20,230,000	12,580,350	32,810,350
2031-2035	116,040,000	48,011,274	164,051,274
2036-2040	146,400,000	17,639,565	164,039,565
2041-2045	255,000	8,691	263,691
	<u>\$ 355,955,000</u>	<u>\$ 136,445,859</u>	<u>\$ 492,400,859</u>

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – GENERAL AND ADMINISTRATIVE EXPENSES

The general and administrative expenses represent the direct and related expenses incurred by and paid for the services of the administrative personnel and the expenses of the usage of the administrative plant and equipment of the Authority. Since the Authority is involved in different types of activities, and some of such activities are governed by contractual agreements, these types of expenses are accounted for separately from the different types of activities accounted for in the funds maintained by the Authority so that the Authority may comply with the contractual allocation of such expenses to the different activities of the funds maintained by the Authority for the year ended August 31, 2025.

NOTE 9 – RETIREMENT PLANS

Defined Contribution Plan

In August 2016, the Authority adopted the San Jacinto River Authority 401(a) Plan with Mission Square and also the existing 457(B) Deferred Compensation Plan from the Standard to Mission Square.

Mission Square is the trustee of the 401(a), 401(a) Executive Plan and 457(b) Plans.

Eligibility. Employees hired prior to August 1, 2016 are covered under the Defined Benefit Pension Plan and are not eligible for the new 401(a) Plan. Employees hired on or after August 1, 2016 are eligible to receive employer contributions under the new 401(a) Plan. All employees are eligible to make elective deferrals to the existing 457(b) Plan.

Benefits Provided. The Authority provides a Fixed Employer Contribution of 8% earnings on behalf of each participant for the Plan year and provides Variable Employer Match of 100% up to 4% of employee elective deferrals made to the 457(b) Plan as a matching contribution to the 401(a) Plan.

Vesting. Participants are vested 25% after three years, 50% after four years, and 100% after five years of service in the 401(a) Plan. Participants are always 100% vested in the 457(b) Plan.

Contributions to each employee's 401(a) and 457(b) plans are invested in accordance with employee's instructions. Individual accounts are maintained for each participant.

In October 2023, the Authority adopted the San Jacinto River authority 401(a) Executive Plan.

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NOTES TO FINANCIAL STATEMENTS

Defined Benefit Pension Plan

Summary of Significant Accounting Policies

Method used to value investments. Investments are reported at fair value.

Pensions. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the San Jacinto River Authority Pension Plan and additions to/deductions from the San Jacinto River Authority Pension Plan's fiduciary net position have been determined on the same basis as they are reported by the San Jacinto River Authority. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description (Pension Plan)

Plan Administration. The Authority's defined benefit pension plan, the San Jacinto River Authority Pension Plan (the "Plan"), provides retirement benefits to plan members and beneficiaries. The Plan is a single employer, noncontributory defined benefit plan. The Plan's benefit provisions were established and may be amended by the Authority's Board. The Plan is administered by a trustee for the benefit of the Authority's employees. The Authority does not have access to, nor can it utilize the assets of the Plan. The Trustee is responsible for making payments to the Authority's retired employees.

In January 2024, the Authority revised the existing San Jacinto River Authority Plan with The Standard to allow in-service withdrawals. Any participant that elects in-service withdrawal will then be placed into the Authority's 401(a) Plan.

In January 2024, the Authority revised the existing San Jacinto River Authority Plan with the Standard adopting the Rule of 85 Retirement Date, which means the first day of the month coinciding with or next following the date that the sum of a Participant's Age and Years of Service equals to 85 or greater. A Participant shall become fully vested in his Normal Retirement Benefit upon attaining his Rule of 85 Retirement Date.

Standard Insurance Co. is the trustee of the Plan. There is no stand alone pension plan report available, but a copy of the actuarial report, prepared by Milliman, is available upon request from the Authority. The Authority has contracted with Alliant Services to evaluate the Authority's pension plan and make recommendations regarding modernization, cost-control measures, and long-term strategies for retirement offerings.

Benefits Provided. The Plan is available to all active employees hired before August 1, 2016, who have completed one year of service and attained age 21. Normal retirement age is 65. The Plan also provides benefits for early and late retirement. The retirement benefit at normal retirement is equal to 1.00% of average monthly compensation up to a participant's covered compensation level plus 0.55% of average monthly compensation in excess of the covered compensation level multiplied by the number of years of credited service not to exceed 40 years. The retirement benefit is payable monthly during the life

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

of the retired participant. The Plan also provides death and disability benefits. A member is 100% vested in the accrued benefit upon completion of 5 years of service.

Plan Membership. At November 1, 2023, there were 122 plan members including 69 active members, 14 terminated vested members, 39 retired members and beneficiaries.

Contributions. Employees of the Authority do not contribute to the Plan. The Authority makes annual contributions to the Plan equal to the total of normal cost and the amount needed to fund the unfunded actuarial accrued liability over a ten year amortization period as determined from the actuarial valuation report.

Investments

Pension Plan Investment policy. It is the policy of the Authority's Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of June 30, 2024

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed Income	8%
US Bonds	20%
Global Bonds	7%
Domestic Equities	46%
Foreign Equities	10%
Real Estate	<u>9%</u>
Total	100%

Rate of return. For the plan year ended October 31, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 26.30%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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NOTES TO FINANCIAL STATEMENTS

Calculation of Money-Weighted Rate of Return

The money-weighted rate of return considers the changing amounts actually invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. External cash flows are determined on a monthly basis and are assumed to occur at the beginning of each month. External cash inflows are netted with external cash outflows, resulting in a net external cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

<u>Interest</u>	<u>Cash Flows</u>	<u>Invested</u>	<u>Weight</u>	<u>With Interest</u>
Beginning Value - November 1, 2024	\$ 22,750,153	12.00	1.00	\$ 28,733,143
Monthly Net External Cash Flows:				
November	(89,146)	12.00	1.00	(112,590)
December	(132,485)	11.00	0.92	(164,230)
January	997,017	10.00	0.83	1,210,218
February	(262,143)	9.00	0.75	(312,311)
March	(57,264)	8.00	0.67	(66,961)
April	(57,264)	7.00	0.58	(65,568)
May	(78,961)	6.00	0.50	(88,738)
June	(186,108)	5.00	0.42	(205,283)
July	(383,269)	4.00	0.33	(413,967)
August	(57,264)	3.00	0.25	(60,706)
September	(57,264)	2.00	0.17	(59,583)
October	(299,907)	1.00	0.08	(305,561)
Ending Value - October 31, 2024	\$ 28,087,863			<u>\$ 28,087,863</u>
Money-Weighted Rate of Return	26.30%			

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NOTES TO FINANCIAL STATEMENTS

Return on assets. The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are per Milliman's investment consulting practice as of June 30, 2024.

<u>Asset Class</u>	<u>Index</u>	<u>Target Allocation</u>	<u>Long-Term Expected Arithmetic Real Rate of Return</u>
US Core Fixed Income	Bloomberg Barclays Aggregate	8.00%	2.52%
US Interm Bonds	BBgBarc US Govt/Credit Interm TR	15.00%	2.12%
US High Yield Bonds	ICEE BofA US High Yield TR	5.00%	3.82%
Global Bonds	FTSE WGBI	7.00%	93.00%
US Large Cap Equity	S&P 500 TR	25.00%	3.56%
US Small & Mid Cap Equit	Russell 2500 TR	21.00%	3.79%
Global Equity	MSCI ACWI NR	10.00%	4.31%
US REITs	FTSE NAREIT Equity REIT	9.00%	4.46%
Assumed Inflation - Mean			2.31%
Assumed Inflation - Standard Deviation			1.45%
Portfolio Real Mean Return			3.78%
Portfolio Nominal Mean Deviation			6.22%
Portfolio Standard Deviation			12.56%
Long-Term Expected Rate of Return			5.75%

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NOTES TO FINANCIAL STATEMENTS

Net Pension Liability

	<u>October 31, 2023</u>	<u>October 31, 2024</u>
Total pension liability	\$ 23,732,472	\$ 24,702,119
Fiduciary net position	22,750,153	28,087,863
Net Pension Liability (Asset)	\$ 982,319	\$ (3,385,744)
Fiduciary net position as a % of total pension liability	95.86%	113.71%
Covered payroll	\$ 7,241,008	\$ 6,873,086
Net pension liability as a % of covered payroll	13.57%	-49.26%

The total pension liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions below, and was then projected forward to the measurement date. Any significant changes during this period have been reflected by GASB 67 and 68.

	<u>Discount Rate</u>	
	<u>October 31, 2023</u>	<u>October 31, 2024</u>
Discount rate	5.75%	5.75%
Long-term expected rate of return, net of investment expense	5.75%	5.75%
Municipal bond rate	N/A	N/A

Discount rate. The plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Actuarial Assumptions: The actuarial assumptions that determined the total liability as of August 31, 2025 were based the results of an actuarial experience study for the period November 1, 2015 – November 1, 2020.

Other Key Actuarial Assumptions

	<u>October 31, 2023</u>	<u>October 31, 2024</u>
Valuation date	November 1, 2022	November 1, 2023
Measurement date	October 31, 2023	October 31, 2024
Inflation	2.33%	2.31%
Salary increases including inflation	5.00%	5.00%
Mortality	PubG-2010 Public Retirement Plans Amount- Weighted projected with Scale MP-2021	PubG-2010 Public Retirement Plans Amount- Weighted projected with Scale MP-2021
Actuarial cost method	Entry Age Normal	Entry Age Normal

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability of the Authority, calculated using the discount rate of

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NOTES TO FINANCIAL STATEMENTS

5.75%, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75%) or 1-percentage-point higher (6.75%) than the current rate:

	1% Decrease	Current	1% Increase
	4.75%	Discount Rate	6.75%
		5.75%	
Total pension liability	\$ 28,493,323	\$ 24,702,119	\$ 21,561,255
Fiduciary net position	28,087,863	28,087,863	28,087,863
Net Pension Liability (Asset)	\$ 405,460	\$ (3,385,744)	\$ (6,526,608)

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Balances as of August 31, 2024	\$ 23,732,472	\$ 22,750,153	\$ 982,319
Changes for the year:			
Service cost	768,568		768,568
Interest on total pension liability	1,360,098		1,360,098
Effect of plan changes	561,515		561,515
Effect of economic/demographic gains or losses			
Effect of assumptions changes or inputs	(2,195)		(2,195)
Benefit payments	(1,718,339)	(1,718,339)	
Net investment income		6,001,768	(6,001,768)
Employer contributions		1,054,281	(1,054,281)
Balances as of August 31, 2025	\$ 24,702,119	\$ 28,087,863	\$ (3,385,744)

Measurements for the fiscal year ended August 31, 2025 were taken as of October 31, 2024.

Pension plan fiduciary net position. The pension plan does not issue standalone financial reports. However, additional information about the pension plan is available in separately issued reports prepared by the plan's actuary (San Jacinto River Authority Pension Plan: GASB 67 and 68 Disclosure Report and San Jacinto River Authority Pension Plan Actuarial Valuation Report).

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NOTES TO FINANCIAL STATEMENTS

Pension Expense

**September 01, 2024 to
August 31, 2025**

Pension Expense

Service cost	\$	768,568
Interest on total pension liability		1,360,098
Expected investment return net of investment expenses		(1,289,136)
Recognition of economic/demographic gains and losses		(436,662)
Recognition of assumption changes or inputs		203,110
Recognition of investment gains and losses		(330,761)
	\$	<u>275,217</u>

As of August 31, 2025, the deferred inflows and outflows of resources are as follows:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Contributions made subsequent to measurement date	\$	\$ 732,424
Difference between expected and actual experience	(1,951,759)	880,766
Changes in assumptions	(69,598)	727,734
Net difference between projected and actual earnings	(1,641,934)	
Total	\$ (3,663,291)	\$ 2,340,924

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended August 31:

2026	\$ (621,574)
2027	395,833
2028	(1,004,394)
2029	(866,086)
2030	41,430
Thereafter*	

* Note that additional future deferred inflows and outflows of resources may impact these numbers.

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NOTES TO FINANCIAL STATEMENTS

Depletion Date Projection

GASB 67 and 68 generally require that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 and 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 and 68 (paragraph 29) do allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for the Authority.

- The Authority has a least a 5-year history of paying at least 100% of the Actuarially Determined Contribution (previously termed the Annual Required Contribution).
- The Actuarially Determined Contribution is based on a closed amortization period, which means that payment of the Actuarially Determined Contribution each year will bring the plan to a 100% funded position by the end of the amortization period.
- GASB 67 and 68 specify that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is Milliman's professional opinion that the detailed depletion date projects outlined in GASB 67 and 68 will show that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

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NOTES TO FINANCIAL STATEMENTS

NOTE 10 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

Plan Description

The Authority provides other post-employment benefits (OPEB) for supplemental medical insurance coverage for certain retired employees and their dependents and grandfathered active employees. The OPEB plan is a single-employer defined benefit supplemental healthcare plan administered by the Authority. Section 49.069 of the Texas Water Code assigns the responsibility to establish and amend OPEB plan provisions to the Authority's Board of Directors. The Authority's Board of Directors also has the option to adopt the provisions of Subtitle F, Title 10, of the Texas Government Code, Chapter 2264 which allows modified reporting of the OPEB plan liability for the Authority's unfunded actuarial accrued liability. The OPEB plan was adopted by the Board of Directors on October 28, 1986. The policy was amended on October 25, 1989 to exclude employees hired after November 1, 1989.

As of September 1, 2023 actuarial valuation, eight former employees, dependents, and surviving spouses are receiving OPEB healthcare benefits. One active employees and their dependents will receive this benefit if the employees continue working for the Authority until reaching the normal retirement age of 65.

The Authority issues this publicly available financial report that includes financial statements and required supplementary information for the OPEB plan.

Funding Policy

The contribution required from OPEB plan members may be amended by the Authority's Board of Directors. As of the date of this report, the OPEB healthcare plan is 100% funded by the Authority on a pay-as-you-go-basis and has no trust for accumulating assets. The Authority paid an estimated \$55,403 for OPEB medical insurance coverage for retired employees covered under the OPEB plan during the fiscal year ending August 31, 2025. After review, the Authority deems no reserve necessary for OPEB healthcare plan.

Benefits Provided

The Authority provides healthcare benefits for retirees and their dependents. Employees hired prior to 1990 and who are continuously employed by the Authority through age 65 are eligible for retiree health benefits. Spouses of eligible retirees are also eligible for coverage. Eligible retirees and spouses may choose to enroll in the fully insured Medicare Supplement medical plan. The benefit terms provide for payment of 100% of the total premium of the fully insured Medicare Supplement plan for eligible retirees and spouses.

Employees Covered by Benefit Terms

As of August 31, 2025, eight former employees, dependents, and surviving spouses are receiving OPEB healthcare benefits. One active employees and their dependents will receive this benefit if the employees continue working for the Authority until reaching the normal retirement age of 65.

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NOTES TO FINANCIAL STATEMENTS

Total OPEB Liability

The total OPEB liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions, and was then projected forward to the measurement date. Any significant changes during this period have been reflected as prescribed by GASB 75.

OPEB Liability

	<u>August 31, 2024</u>	<u>August 31, 2025</u>
Total OPEB liability	\$ 634,044	\$ 537,464
Covered employee payroll	\$ 94,768	\$ 99,506
Total OPEB liability as a % of covered employee payroll	669.05%	540.13%

Discount Rate

The discount rate was based on the Bond Buyer General Obligation 20-bond municipal index.

	<u>August 31, 2024</u>	<u>August 31, 2025</u>
Discount rate	3.87%	52.30%
20 Year Tax-Exempt Municipal Bond Yield	3.87%	5.23%

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NOTES TO FINANCIAL STATEMENTS

Other Key Actuarial Assumptions

The actuarial assumptions that determined the total OPEB liability as of August 31, 2025 are as follows:

	<u>August 31, 2024</u>	<u>August 31, 2025</u>
Valuation date	September 1, 2023	September 1, 2023
Measurement date	August 31, 2024	August 31, 2025
Inflation	2.30%	2.30%
Salary increases including inflation	5.00%	5.00%
Mortality	Pub-2010 Mortality (headcount weighted) for Employees, Healthy and Contingent Annuitants projected forward (fully generational) with MP-2021	Pub-2016 Mortality (headcount weighted) for Employees, Healthy and Contingent Annuitants projected forward (fully generational) with MP-2021
Actuarial cost method	Entry Age Normal	Entry Age Normal

Changes in OPEB Liability

	<u>Total OPEB Liability</u>
Balances as of September 1, 2024	\$ 634,044
Changes for the year:	
Service cost	-
Interest on total OPEB liability	23,755
Effect on economic/demographic gains or loss	
Effect of assumptions changes inputs	(79,462)
Benefit payments	(40,873)
Balances as of August 31, 2025	<u>\$ 537,464</u>

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NOTES TO FINANCIAL STATEMENTS

Sensitivity Analysis

The following presents the total OPEB liability of the Authority, calculated using the discount rate of 5.23 percent, as well as what the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.23 percent) or 1-percentage-point higher (6.23 percent) than the current rate:

	1% Decrease	Discount	1% Increase
	4.23%	Rate	6.23%
		5.23%	
Total OPEB Liability	\$ 588,135	\$ 537,464	\$ 493,897

The following presents the total OPEB liability of the Authority, calculated using the current trend rates, as well as what the Authority's total OPEB liability would be if it were calculated using trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current trend rates:

	1% Decrease	Current	1% Increase
		Trend Date	
Total OPEB Liability	\$ 485,924	\$ 537,464	\$ 596,677

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended August 31, 2025, the Authority recognized OPEB expense of \$(448,192) and \$(96,580) for fiscal year 2024 and fiscal year 2025 respectively.

OPEB Expense

	Year Ended August 31	
	2024	2025
OPEB Expense		
Service cost	\$	\$
Interest on total OPEB liability	42,163	23,755
Effect of plan changes		
Recognition of economic/demographic gains and losses	(475,605)	(79,462)
Recognition of assumption changes or inputs	(14,750)	(40,873)
	<u>\$ (448,192)</u>	<u>\$ (96,580)</u>

At August 31, 2025, the Authority reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

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NOTES TO FINANCIAL STATEMENTS

NOTE 11 – COMPENSATED ABSENCES

Vacation

As of August 31, 2025, employees of the Authority accrue vacation quarterly based on their hire date. Vacation is accrued as follows:

- | | |
|--------------------------------|---------------------|
| • 0-2.99 years of employment | 6.67 monthly hours |
| • 3-4.99 years of employment | 8.34 monthly hours |
| • 5-9.99 years of employment | 10 monthly hours |
| • 10-14.99 years of employment | 11.67 monthly hours |
| • 15+ years of employment | 13.34 monthly hours |

Employees will be allowed to accrue up to eight (8) quarters of vacation time. Balances exceeding 8 quarters at the employee's current accrual rate will automatically be donated to the Sick Leave Pool, and employees will not be paid for unused vacation time unless otherwise authorized by the General Manager due to a declared Minor or Major Emergency Closing that prevents a previously scheduled vacation.

Upon separation of employment, employees will be paid for up to eight quarters of unused vacation time. Unused vacation time over eight quarters will be automatically donated to the Sick Leave Pool. The liability and annual expense for accrued vacation was calculated based on the employee's pay rate times the accrued vacation hours plus applicable employee benefits as of the end of the fiscal year.

Sick Leave

The Authority provides paid sick leave benefits to all eligible, Regular Full-time employees for periods of temporary absence due to illness, injuries, or scheduled medical appointments.

Accrual: Sick leave will accrue at the rate of eight hours per month. No more than 36 eight-hour days (288 hours) of accrued sick leave may be carried forward from one fiscal year to the next. Balances in excess of 36 days (288 hours) will be donated to the Sick Leave Pool on August 31 of each year.

Retirement/Termination: There is no payment for unused sick leave when an employee terminates employment for any reason other than normal retirement. When an employee is retiring and meets all the eligibility requirements under the Authority's Pension Plan to retire at their normal retirement date, that employee will be eligible for payment of their unused sick leave balance up to 36 days (288 hours).

Floating Holiday

The Authority's employees may utilize one eight-hour floating holiday per calendar year for any day they choose subject to the prior approval of their manager or supervisor. The floating holiday may be taken in one-hour increments. Because all the Authority's will be open on floating holiday dates, each division must have enough employees on duty to conduct the public business of the Authority. Employees must submit their request to take a floating holiday a minimum of two weeks in advance of the proposed date, and approval

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NOTES TO FINANCIAL STATEMENTS

is at the discretion of the manager based on operational needs. Employees wishing to use their floating holiday during a busy holiday time of year such as Thanksgiving or Christmas are encouraged to submit their request well in advance. Employees will not be paid for their floating holiday if it remains unused at the end of the calendar year.

Compensatory Time

Non-exempt employees may accrue compensatory time (comp time) in lieu of being paid overtime compensation at the discretion of the Authority. Compensatory time is accrued at the rate of one and one-half times the number of hours worked in excess of 40 hours in the work week.

Accrued Compensatory time is limited based on the operational needs of the division. The actual overtime worked must be banked in a minimum of 1/2 hour increments. The maximum accrual per division is listed below:

Maximum Accruals:

General and Administration Employees – 20 actual hours = 30 compensatory time hours

Woodlands Employees – 20 actual hours = 30 compensatory time hours

Lake Conroe Employees – 40 actual hours = 60 compensatory time hours

Highlands Employees – 80 actual hours = 120 compensatory time hours

GRP Employees – 20 actual hours = 30 compensatory time hours

Compensatory time may be used for personal leave of absences that regular sick and/or vacation would not cover. Requests for use of compensatory time will be granted provided that operational needs are not compromised.

Payment of Compensatory Time

All employees who are reclassified from a non-exempt position to an exempt position will be paid all accrued compensatory time upon approval of the reclassification and will cease to be eligible for any additional overtime and/or compensatory time. Upon leaving employment with the Authority, a non-exempt employee will be paid for unused compensatory time at the employee's current hourly rate.

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NOTES TO FINANCIAL STATEMENTS

The following table shows the beginning liability balances, current year's expense and ending liability balance for each category of compensated absences:

	Sept. 1, 2024 *	Additions	Reductions	Aug. 31, 2025	Due Within One Year
<u>Vacation</u>					
Lake Conroe Division	\$ 54,859	\$	\$ 2,538	52,321	\$ 10,464
Highlands Division	24,925		586	24,339	4,868
Flood Management Division	19,607	2,482		22,089	4,418
General & Administration Division	421,250	17,299		438,549	87,710
GRP Division	80,366		2,278	78,088	39,720
Woodlands Division	172,664	25,936		198,600	15,618
Vacation Total	773,671	45,717	5,402	813,986	162,798
<u>Sick Leave</u>					
Lake Conroe Division	92,944		9,499	83,445	16,689
Highlands Division	33,323		1,973	31,350	6,270
Flood Management Division	23,949		73	23,876	4,775
General & Administration Division	631,326		12,501	618,825	123,766
GRP Division	128,142		9,010	119,132	23,826
Woodlands Division	230,084		12,168	217,916	43,583
Sick Leave Total	1,139,768		45,224	1,094,544	218,909
<u>Floating Holiday</u>					
Lake Conroe Division	1,701	1,001		2,702	540
Highlands Division	666	202		868	174
Flood Management Division	590		340	250	50
General & Administration Division	15,760	3,511		19,271	3,854
GRP Division	2,260	292		2,552	510
Woodlands Division	4,410	2,560		6,970	1,394
Floating Holiday Total	25,387	7,566	340	32,613	6,522
<u>Compensatory Time</u>					
Lake Conroe Division	3,008	428		3,436	687
Highlands Division	6,821		3,082	3,739	748
Flood Management Division		501		501	100
General & Administration Division	2,540	3,163		5,703	1,141
GRP Division		1,021		1,021	204
Woodlands Division	357	19		376	75
Compensatory Time Total	12,726	5,132	3,082	14,776	2,955
Total	\$ 1,951,552	\$ 58,415	\$ 54,048	\$ 1,955,919	\$ 391,184

The change in compensated absences above is a net change for each Division for the year.

* as restated per GASB Statement No. 101

The current year expense and ending fiscal year 2025 liability for compensatory time is calculated based on the total employee hours accrued times the end of fiscal year 2025 pay rate.

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NOTES TO FINANCIAL STATEMENTS

NOTE 12 – NEW PRONOUNCEMENTS AND RESTATEMENT

During fiscal year 2025, The Authority implemented GASB Statement No. 101, *Compensated Absences*. The objective of the Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. In accordance with GASB No. 101, the Authority implemented the standard as a change in accounting principle requiring a retroactive restatement of financial statement for each prior period presented.

As a result of the implementation of GASB No. 101, *Compensated Absences*, prior period was restated as follows:

	As Previously Reported 8/31/2024	Adjustment	As Restated 8/31/2024
Current Liabilities	\$ 44,945,627	\$ (490,036)	\$ 44,455,591
Noncurrent Liabilities	\$ 44,945,627	\$ 1,561,242	\$ 46,506,869
Net Position - End of the Year	\$ 321,238,694	\$ (1,071,206)	\$ 320,167,488

The Authority adopted the provision of the GASB Accounting No. 102 *Certain Risk Disclosures*. The adoption of the standard did not have material effect on these statements.

NOTE 13 – MAJOR CUSTOMERS

Industrial and municipal water sales totaling \$21,320,724 were invoiced to the Authority's three largest customers of the Raw Water Supply Division. This accounts for 90% of the Raw Water Supply Division water sales revenues for the year ended August 31, 2025.

Revenues totaling \$3,891,740 accrued from the Authority's primary contractual partner (City of Houston) in the Lake Conroe reservoir project. This accounts for 76% of the Lake Conroe Division's operating revenues for the year ended August 31, 2025.

Water pumpage and surface water fees totaling \$24,029,010 were invoiced to the Authority's two largest customers of the Groundwater Reduction Plan Division. This accounts for 36% of Groundwater Reduction Plan Division's operating revenues for the year ended August 31, 2025.

Water and sewer service fees totaling \$29,824,588 were invoiced to the Authority's five largest customers of the Woodlands Division. This accounts for approximately 71% of The Woodlands Division's Water and sewer fees for the year ended August 31, 2025.

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NOTES TO FINANCIAL STATEMENTS

NOTE 14 – CONTINGENCIES

Hurricane Harvey Litigation

A number of lawsuits have been filed against the Authority on behalf of property owners alleging, among other claims, that the release of water from the Lake Conroe Dam following the landfall of Hurricane Harvey caused flooding on their properties in violation of the Takings Clause of the Texas Constitution (i.e., inverse condemnation) and/or violation of the Texas Private Real Property Rights Preservation Act (Chapter 2007, Texas Government Code). The Authority is contesting all of these lawsuits vigorously and intends to continue to do so. The following is a summary of pending lawsuits.

Steve and Dana Adams et al. v. San Jacinto River Authority, No. 1155388, in Civil Court at Law No. 3, Harris County, Texas. Plaintiffs filed this lawsuit against the Authority alleging, among other claims, a violation of the Takings Clause of the Texas Constitution. The Authority filed a plea to the jurisdiction, asking the civil court to dismiss the plaintiffs' claims based on lack of jurisdiction. The case has been abated pending decision(s) from the Court of Appeals on related litigation, and the hearing on the Authority's plea to the jurisdiction has been continued.

Michael Ferris et al. v. San Jacinto River Authority, No. 1131742, in Civil Court at Law No. 1, Harris County, Texas. Plaintiffs filed this lawsuit against the Authority alleging, among other claims, a violation of the Takings Clause of the Texas Constitution. The Authority filed a plea to the jurisdiction, asking the civil court to dismiss the plaintiffs' claims based on lack of jurisdiction. The case has been abated pending decision(s) from the Court of Appeals on related litigation, and the hearing on the Authority's plea to the jurisdiction has been continued.

Jeff Adams et al. v. San Jacinto River Authority, No. 1137739, in Civil Court at Law No. 4, Harris County, Texas. Plaintiffs filed this lawsuit against the Authority alleging, among other claims, a violation of the Takings Clause of the Texas Constitution. The Authority filed a plea to the jurisdiction, asking the civil court to dismiss the plaintiffs' claims based on lack of jurisdiction. The case has been abated pending decision(s) from the Court of Appeals on related litigation, and the hearing on the Authority's plea to the jurisdiction has been continued.

John Sorrentino et al. v. San Jacinto River Authority, No. 1140335, in Civil Court at Law No. 4, Harris County, Texas. Plaintiffs filed this lawsuit against the Authority alleging, among other claims, a violation of the Takings Clause of the Texas Constitution. The Authority filed a plea to the jurisdiction, asking the civil court to dismiss the plaintiffs' claims based on lack of jurisdiction. The case has been abated pending decision(s) from the Court of Appeals on related litigation, and the hearing on the Authority's plea to the jurisdiction has been continued.

Billie Hart et al. v. San Jacinto River Authority, No. 1129511, in Civil Court at Law No. 2, Harris County, Texas. Plaintiffs filed this lawsuit against the Authority alleging, among other claims, a violation of the Takings Clause of the Texas Constitution. The Authority filed a plea to the jurisdiction, asking the civil court to dismiss the plaintiffs'

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NOTES TO FINANCIAL STATEMENTS

claims based on lack of jurisdiction. The case was dismissed for want of prosecution. Plaintiffs appealed the dismissal (*Billie Hart, et al. v. San Jacinto River Authority*, No. 14-24-00786-CV, 14th Court of Appeals). The appeal is fully briefed and set for oral argument on January 22, 2026. If the case is reinstated following resolution of the appeal, a hearing on the Authority's plea to the jurisdiction will be reset with the civil court.

Vincente Medina et al. v. San Jacinto River Authority, No. 1123430, in Civil Court at Law No. 1, Harris County, Texas. Plaintiffs filed this lawsuit against the Authority alleging, among other claims, a violation of the Takings Clause of the Texas Constitution. The Authority filed a plea to the jurisdiction, asking the civil court to dismiss the plaintiffs' claims based on lack of jurisdiction. The Authority's plea was denied. The Authority filed an expedited interlocutory appeal, staying all proceedings in the civil court (*San Jacinto River Authority v. Medina*, No. 01-2300013-CV, 1st Court of Appeals). On November 26, 2024, the Court of Appeals reversed the civil court's denial of the Authority's plea to the jurisdiction, and rendered judgment in favor of the Authority, and ordered that all appellate costs were to be charged to appellees. Plaintiffs/Appellees filed a Petition for Review with the Supreme Court of Texas on March 21, 2025, which is fully briefed as of November 24, 2025, and is currently pending decision (No. 250247).

Karen and Paul Steele, et al. v. San Jacinto River Authority, No. 1139514, in Civil Court at Law No. 1, Harris County, Texas. Plaintiffs filed this lawsuit against the Authority alleging, among other claims, a violation of the Takings Clause of the Texas Constitution. The Authority filed a plea to the jurisdiction, asking the civil court to dismiss the plaintiffs' claims based on lack of jurisdiction. The case has been abated pending decision(s) from the Court of Appeals and the Supreme Court of Texas on related litigation, and the hearing for the plea to the jurisdiction has been continued accordingly.

Thomas Ross, et al. v. San Jacinto River Authority, No. 2017-58385, in the 152nd District Court for Harris County, Texas. A group of plaintiffs filed this case against the Authority under the Texas Private Real Property Rights Preservation Act. Seven other pending cases against the Authority were consolidated into this case. The Authority filed a plea to the jurisdiction, asking the asking court to dismiss the plaintiffs' claims based on lack of jurisdiction. The plea was denied. The Authority filed an expedited interlocutory appeal, staying all proceedings in the district court (*San Jacinto River Authority v. Thomas E. and Beth F. Ross, et al.*, No. 14-23-00923-CV, 14th Court of Appeals). On October 16, 2025, the Court of Appeals reversed the district court's denial of the Authority's plea to the jurisdiction, and rendered judgment in favor of the Authority, and ordered that all appellate costs were to be charged to appellees.

Gary Maple and Rhonda Maple. v. San Jacinto River Authority, No. 21-02-01595, in the 457th Judicial District Court for Montgomery County, Texas. Plaintiffs filed this lawsuit against the Authority alleging, among other claims, a violation of the Takings Clause of the Texas Constitution. This group of plaintiffs were originally a part of the case styled *Jeff Adams et al. v. San Jacinto River Authority*, No. 1137739, in Harris County Civil Court at Law No. 4. The Harris County Civil Court at Law granted the Authority's motion to transfer, severing out the plaintiffs with alleged property damage in Montgomery County, and transferred their case to Montgomery County (457th Judicial District Court).

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

The case was dismissed for want of prosecution in September 2025.

Richard Guajardo et al. v. San Jacinto River Authority, No. 21-12-16714, in the 284th Judicial District Court for Montgomery County, Texas. Plaintiffs filed this lawsuit against the Authority alleging, among other claims, a violation of the Takings Clause of the Texas Constitution. This group of plaintiffs were originally a part of the case styled *Vincente Medina et al. v. San Jacinto River Authority*, No. 1123430, filed in Harris County Civil Court at Law No. 1. The Harris County Civil Court at Law granted the Authority's motion to transfer, severing out the plaintiffs with alleged property damage in Montgomery County, and transferred their case to Montgomery County (284th Judicial District Court). The case has been abated pending decision(s) from the Court of Appeals and Supreme Court of Texas on related litigation.

AGCS Marine Insurance Company, et al. v. San Jacinto River Authority, No. 1210701, in Civil Court at Law No. 3, Harris County, Texas. This is a subrogation case involving a group of insurers alleging inverse condemnation claims on behalf of individual property owners. This case is currently abated.

GRP Litigation

On June 20, 2016, the Authority adopted a Rate Order setting revised rates applicable to its GRP Participants. The rate revisions were to become effective on September 1, 2016. On August 16, 2016, the City of Conroe, Texas, the second-largest rate payer in the Authority's GRP, adopted a resolution that, among other things, directed City staff not to pay the revised rates adopted by the Authority. Litigation ensued as described below.

Ex parte San Jacinto River Authority, No. D-1-GN-16-004151, in the 98th Judicial District Court for Travis County, Texas. The Authority filed this lawsuit in response to the City of Conroe's resolution, seeking to establish the legality and validity of the revised rates it had adopted under Texas's Expedited Declaratory Judgment Act. The City of Conroe and others intervened in the lawsuit and challenged the court's jurisdiction. Over the next eight years, the parties litigated jurisdictional issues, among others, including an appeal to the Texas Supreme Court. The claims raised in this lawsuit were ultimately included in lawsuits filed in Montgomery County, as discussed below. Consequently, the Authority non-suited this lawsuit in May 2024.

Quadvest, L.P. et al. v. San Jacinto River Authority, No. 19-09-12611, in the 284th Judicial District Court for Montgomery County, Texas. Quadvest, L.P., Woodland Oaks Utility, L.P., Everett Square, Inc., E.S. Water Consolidators, Inc., Utilities Investments Co., Inc., and T&W Water Service Company—all private utilities—filed a lawsuit against the Authority in Montgomery County, Texas, for breach of the parties' GRP Contracts. Plaintiffs allege that the Authority has improperly set the rates it charges for groundwater pumpage under the GRP Contracts. The Authority filed cross-claims against the Cities of Conroe and Magnolia for breach of contract for their failure to pay the prevailing GRP rates since September of 2016.

The Cities of Conroe and Magnolia challenged the trial court's jurisdiction on the basis of governmental immunity. The trial court granted the Cities' plea to the jurisdiction, and the

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Authority took an interlocutory appeal. That appeal was styled *San Jacinto River Authority v. City of Conroe, Texas and City of Magnolia, Texas*, No. 09-20-00180-CV, in the Court of Appeals for the Ninth District of Texas, Beaumont, Texas. On April 21, 2022, the court of appeals affirmed the grant of the Cities' plea to the jurisdiction.

The Authority filed a Petition for Review asking the Supreme Court of Texas to review the decision of the Ninth Court. On September 1, 2023, the Supreme Court granted the Petition for Review. On April 12, 2024, the Supreme Court reversed the Court of Appeals and held that the Cities of Conroe and Magnolia had waived their sovereign immunity by entering into the GRP Contracts.

The case is now back in the trial court; however, on August 16, 2025, the City of Conroe and the Authority executed a Mutual Release and Settlement Agreement that resolved the Authority's claims against the City of Conroe for its failure to pay the established rates since September of 2016. Under that agreement, the City of Conroe paid the Authority almost \$19 million in past-due fees and agreed to pay all future fees, rates, and charges as required by its GRP Contract. On September 22, 2025, the court entered an Order of Non-Suit with Prejudice, non-suiting all claims between the Authority and the City of Conroe with prejudice. The claims between the Authority and the private utilities and City of Magnolia remain pending.

San Jacinto River Authority v. Quadvest, L.P. et al., No. 20-08-10189, in the 284th Judicial District Court for Montgomery County, Texas. After the Montgomery County District Court granted the plea to the jurisdiction in the lawsuit discussed in the preceding paragraph, Quadvest, L.P. and Woodland Oaks Utility, L.P. announced that they would no longer pay the fees owed under the GRP Contracts. Once these two private utilities became delinquent, the Authority filed this lawsuit for breach of the GRP Contracts for failure to pay. The trial court issued orders on December 16, 2022, denying defendants' motion for partial summary judgment and granting the Authority's motion for partial summary judgement, holding that the GRP Contracts are incontestable, valid, and enforceable according to their terms.

Rather than proceed with discovery and trial, these private utilities sought leave to file an interlocutory appeal on the issue of the incontestability, validity, and enforceability of the GRP Contracts. The Authority was agreeable to an interlocutory appeal on the condition that the private utilities paid the amount in dispute and agreed to pay going forward until a final court order relieves them of such obligation. Quadvest, L.P. and Woodland Oaks Utility, L.P. paid the amounts owing and remain current and filed an interlocutory appeal in the Ninth Court of Appeals, No. 09-23-00167. On May 9, 2024, the Ninth Court of Appeals affirmed the trial court and held that the GRP Contracts are incontestable, valid, and enforceable according to their terms. On September 13, 2024, the private utilities filed a Petition for Review in the Supreme Court of Texas. On April 4, 2025, the Supreme Court called for merits briefing from the parties and for the view of the Texas Solicitor General. On December 19, 2025, the Supreme Court denied the Petition for Review.

Quadvest, L.P. et al. v. San Jacinto River Authority, No. 4:19-CV-4508, in the U.S. District Court for the Southern District of Texas. Quadvest, L.P. and Woodland

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

Oaks Utility, L.P. filed a lawsuit against the Authority in federal court alleging that the GRP Contracts violate federal antitrust laws because they “unreasonably restrain trade.” Plaintiffs later amended their Complaint to include a claim for attempted monopoly. In December 2022, Woodland Oaks non-suited its claims against the Authority. Quadvest, L.P. and the Authority concluded discovery in August 2023. The case was tried to the bench over three weeks in January 2024. On October 18, 2024, the Court entered Final Judgment in the Authority’s favor on all of Quadvest L.P.’s claims. Quadvest, L.P. has appealed the judgment to the United States Court of Appeal for the Fifth Circuit.

San Jacinto River Authority v. T&W Water Service Co. et al., No. 25-09-15937, in the 284th Judicial District Court for Montgomery County, Texas. The Authority filed this lawsuit against Everett Square, Inc. and ES Water Utility Consolidators, Inc. for failure to make payments to the Authority under their GRP Contracts. The lawsuit was also filed against T&W Water Service Co., an existing GRP Participant that acquired Everett Square and ES Water Utility but has not paid the required pumpage fees required under the GRP Contract. T&W Water Service Co. has filed an answer to the lawsuit asserting affirmative defenses and counterclaims alleging that the GRP Contracts are unenforceable and that, if the GRP Contracts are enforceable, that the Authority has breached the contract by not properly setting rates.

Titter-Bell et al. v. San Jacinto River Authority, No. 4:25-CV-05722, in the U.S. District Court for the Southern District of Texas. On November 26, 2025, Jason Titter-Bell and CDF Textiles, Ltd., for themselves and all others similarly situated, filed this class-action lawsuit against the Authority in federal court alleging uncompensated takings, due process violations, and illegal exactions under federal law and the U.S. Constitution and a taking under the Texas Constitution. Plaintiffs seek declaratory relief and monetary restitution from the Authority for themselves and for other members of the purported class. The Authority is in the process of preparing its initial response to the filing of the lawsuit.

The Authority is contesting all of the above lawsuits vigorously and intends to continue to do so. The Authority cannot express a judgement as to the potential outcome of the lawsuits, estimate the amount or range of potential collections and/or losses related to the lawsuits, or estimate legal expenses that may be incurred in contesting the lawsuits. No inference should be drawn from the foregoing.

NOTE 15 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Authority carries commercial insurance. Commercial insurance coverage exceeded settlement amounts in each of the past three years.

SAN JACINTO RIVER AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 16 – FUNDING FOR REGION H WATER PLANNING GRANT

Under an agreement with the Texas Water Development Board ("TWDB"), the Authority is the contracting agency and designated representative of the Region H Water Planning Group. Under the contract, the TWDB provides financial assistance to develop a regional water plan for Region H, a 15 county area, which includes most of the San Jacinto River watershed. The TWDB, fulfilling the requirements set forth in Senate Bills 1, 2 and 3, defines the scope of work to be included in the plan and the time frame for completion of the various tasks in the plan. Senate Bill 1 was enacted by the 75th Texas Legislature in 1997, Senate Bill 2 was enacted by the 77th Texas Legislature in 2001 and Senate Bill 3 was enacted by the 80th Texas Legislature in 2007. The TWDB rules provide that State funds will be used to pay 100% of the direct regional water plan costs. The Authority has received contributions from governments and other parties interested in the development of the plan that partially fund miscellaneous other Region H costs.

REQUIRED SUPPLEMENTARY INFORMATION



SAN JACINTO RIVER AUTHORITY

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NOS. 67 & 68, *DEFINED BENEFIT PENSION PLAN*, SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

Year Ended August 31, 2025

Fiscal Year Ending August 31	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>Total Pension Liability</u>				
Service cost	\$ 768,568	\$ 829,830	\$ 853,797	\$ 963,869
Interest on total pension liability	1,360,098	1,297,716	1,314,697	1,359,279
Effect of plan changes		102,456		
Effect of assumption changes or inputs	561,515	181,355	(856,896)	(1,408,134)
Effect of economic/demographic gains or (losses)	(2,195)	3,707	600,578	(102,265)
Benefit payments	(1,718,339)	(831,840)	(1,617,934)	(1,278,434)
Net change in total pension liability	969,647	1,583,224	294,242	(465,685)
Total pension liability, beginning	23,732,472	22,149,248	21,855,006	22,320,691
Total Pension Liability, Ending (a)	<u>\$ 24,702,119</u>	<u>\$ 23,732,472</u>	<u>\$ 22,149,248</u>	<u>\$ 21,855,006</u>
<u>Fiduciary Net Position</u>				
Employer contributions	\$ 1,054,281	\$ 940,259	\$ 876,461	\$ 988,629
Member contributions				
Investment income net of investment expenses	6,001,768	827,594	(5,404,127)	6,093,927
Benefit payments	(1,718,339)	(831,840)	(1,617,934)	(1,278,434)
Administrative expenses			(2,706)	(5,573)
Net Change in Plan Fiduciary Net Position	5,337,710	936,013	(6,148,306)	5,798,549
Fiduciary net position, beginning	22,750,153	21,814,140	27,962,446	22,163,897
Fiduciary Net Position, Ending (b)	<u>\$ 28,087,863</u>	<u>\$ 22,750,153</u>	<u>\$ 21,814,140</u>	<u>\$ 27,962,446</u>
Net Pension Liability/(Asset), Ending (a)-(b)	<u>\$ (3,385,744)</u>	<u>\$ 982,319</u>	<u>\$ 335,108</u>	<u>\$ (6,107,440)</u>
Fiduciary Net Position as a % of total pension liability	113.71%	95.86%	98.49%	127.95%
Covered Payroll	\$ 6,873,086	\$ 6,896,198	\$ 7,718,706	\$ 7,361,291
Net Pension Liability as a % of Covered Payroll	-49.26%	14.24%	4.34%	-82.97%

This schedule is presented to illustrate the requirement to show information for 10 years.

2021	2020	2019	2018	2017	2016
\$ 1,130,300	\$ 1,111,238	\$ 1,243,286	\$ 1,200,814	\$ 1,045,193	\$ 1,000,263
1,277,394	1,288,568	1,119,847	1,057,429	938,603	882,137
158,155	692,910		535,907	(258,264)	
(136,299)	(1,910,767)	1,007,771	(376,723)	(467,654)	(336,786)
(529,185)	(526,971)	(551,303)	(667,764)	(359,464)	(306,775)
1,900,365	654,978	2,819,601	1,749,663	898,414	1,238,839
20,420,326	19,765,348	16,945,747	15,196,084	14,297,670	13,058,831
<u>\$ 22,320,691</u>	<u>\$ 20,420,326</u>	<u>\$ 19,765,348</u>	<u>\$ 16,945,747</u>	<u>\$ 15,196,084</u>	<u>\$ 14,297,670</u>
\$ 1,174,817	\$ 1,318,812	\$ 1,281,550	\$ 1,446,275	\$ 1,225,120	\$ 1,222,436
915,003	2,047,106	110,522	2,338,816	488,949	265,496
(529,185)	(526,971)	(551,303)	(667,764)	(359,464)	(306,775)
(6,212)	(6,087)	(6,936)	(7,226)	(6,875)	(7,379)
1,554,423	2,832,860	833,833	3,110,101	1,347,730	1,173,778
20,609,474	17,776,614	16,942,781	13,832,680	12,484,950	11,311,172
<u>\$ 22,163,897</u>	<u>\$ 20,609,474</u>	<u>\$ 17,776,614</u>	<u>\$ 16,942,781</u>	<u>\$ 13,832,680</u>	<u>\$ 12,484,950</u>
<u>\$ 156,794</u>	<u>\$ (189,148)</u>	<u>\$ 1,988,734</u>	<u>\$ 2,966</u>	<u>\$ 1,363,404</u>	<u>\$ 1,812,720</u>
99.30%	100.93%	89.94%	99.98%	91.03%	87.32%
\$ 8,333,286	\$ 9,564,583	\$ 9,946,465	\$ 10,524,840	\$ 10,081,467	\$ 9,002,044
1.88%	-1.98%	19.99%	0.03%	13.52%	20.14%

SAN JACINTO RIVER AUTHORITY

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NOS. 67 & 68, *DEFINED BENEFIT PENSION PLAN*, SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended August 31, 2025

Fiscal Year Ended August 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contribution as a % of Covered Payroll
2016	\$ 1,091,804	\$ 1,222,436	\$ (130,632)	\$ 9,452,146	12.93%
2017	1,172,614	1,225,120	(52,506)	10,585,540	11.57%
2018	1,281,074	1,446,275	(165,201)	11,051,082	13.09%
2019	1,159,682	1,281,550	(121,868)	10,443,788	12.27%
2020	1,289,760	1,318,812	(29,052)	10,042,812	13.13%
2021	999,597	1,174,817	(175,220)	8,680,506	13.53%
2022		988,629	(988,629)	8,104,641	12.20%
2023		876,461	(876,461)	7,729,356	11.34%
2024	906,217	940,259	(34,042)	7,241,008	12.99%
2025	1,054,281	1,054,281		7,158,294	14.73%

Actuarial Methods and Assumptions Used for Funding Policy

The following actuarial methods and assumptions were used in the November 1, 2023 funding valuation. Each assumption is individually reasonable and, in combination, offer our best estimate of anticipated experience under the plan at the time. Please see the valuation report dated January 9, 2024 for further details.

Valuation Timing

The valuation is performed as of November 1 and the actuarially determined contribution is determined as of midyear (i.e. April 1).

Actuarial Cost Method

Entry Age Normal

Amortization Method

Level percent or level dollar
Closed, open, or layered periods
Amortization Period at 11/1/2023

Level percent
Closed
25 years for UAAL, 5 years for subsequent gains/losses, expected future service for plan amendments, 10 years for assumption changes
N/A

Amortization Growth Rate

Asset Valuation Method

Smoothing period
Recognition method
Corridor

N/A
Fair Value
None

Inflation

2.31%

Salary Increases

5.00%

Investment Rate of Return

5.75%, based on the Plan's investment policy, including target asset allocation, and Milliman's capital market expectations.

Cost of Living Adjustment

None

Retirement Age

Annual rates of retirement are shown below
Age 55-61-Rate 5%
Age 62-64-Rate 15%
Age 65- Rate 100%

Turnover

50% of the 2003 SOA Pension Plan Turnover Study Small (1000 lives or less) Plan Age Table

Mortality

PubG-2010 Public Retirement Plans Amount-Weighted Mortality Tables projected with Scale MP-2021

SAN JACINTO RIVER AUTHORITY

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NOS. 67 & 68, *DEFINED BENEFIT PENSION PLAN*, SCHEDULE OF INVESTMENT RETURNS

Year Ended August 31, 2025

Fiscal Year Ended August 31	Net Money- Weighted Rate of Return
2016	2.20%
2017	3.73%
2018	15.95%
2019	0.62%
2020	11.08%
2021	4.30%
2022	27.29%
2023	-19.35%
2024	3.73%
2025	26.30%

SAN JACINTO RIVER AUTHORITY

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NOS. 74 & 75, POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS

Year Ended August 31, 2025

Fiscal Year Ending August 31	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
<u>Total OPEB Liability</u>				
Service cost	\$	\$	\$ 10,405	\$ 24,486
Interest on total OPEB liability	23,755	42,163	39,364	36,127
Changes of benefit terms				
Effect of economic/demographic gains or (losses)		(490,329)	44,171	(322,631)
Effect of assumption changes or inputs	(79,462)	(3,792)	(32,875)	(274,349)
Benefit payments	(40,873)	(40,911)	(40,117)	(40,523)
Change in total OPEB liability	(96,580)	(492,869)	20,948	(576,890)
Total OPEB liability, beginning	635,044	1,127,913	1,106,965	1,683,855
Total OPEB Liability, Ending	<u>\$ 538,464</u>	<u>\$ 635,044</u>	<u>\$ 1,127,913</u>	<u>\$ 1,106,965</u>
Covered-Employee Payroll	\$ 99,506	\$ 94,768	\$ 288,581	\$ 274,839
Total OPEB Liability as a % of Covered Employee Payroll	541.14%	670.10%	390.85%	402.77%

There are no assets accumulated in a trust that meets the criteria of GASB Statement 75 to pay related benefits of the OPEB plan.

This schedule is presented to illustrate the requirement to show information for 10 years. However, recalculations of prior years are not required, and if prior years are not reported in accordance with the current GASB standards, they should not be reported.

2021	2020	2019	2018	2017	2016
\$ 29,934 37,146	\$ 23,037 60,194	\$ 20,070 72,789	\$ 22,695 68,240	\$ 28,903 61,195	\$
(18,216) (46,737)	(455,879) 74,419 (47,103)	(181,457) 321,952 (48,166)	(144,021) (52,564)	(242,418) (51,636)	
<u>2,127</u>	<u>(345,332)</u>	<u>185,188</u>	<u>(105,650)</u>	<u>(203,956)</u>	
1,681,728	2,027,060	1,841,872	1,947,522	2,151,478	
<u>\$ 1,683,855</u>	<u>\$ 1,681,728</u>	<u>\$ 2,027,060</u>	<u>\$ 1,841,872</u>	<u>\$ 1,947,522</u>	<u>\$</u>
\$ 263,108	\$ 263,108	\$ 322,813	\$ 322,115	\$ 393,447	\$
639.99%	639.18%	627.94%	571.81%	494.99%	

SAN JACINTO RIVER AUTHORITY

GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT NOS. 74 & 75, POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS SCHEDULE OF EMPLOYER CONTRIBUTIONS

Year Ended August 31, 2025

Fiscal Year Ended August 31	Actuarially Determined Contribution	Actual Employer Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Contribution as a % of Covered Employee Payroll
2016	\$ 52,301	\$ 52,301	\$	\$ 352,848	14.82%
2017	51,636	51,636		393,447	13.12%
2018	52,564	52,564		322,115	16.32%
2019	48,166	48,166		322,813	14.92%
2020	47,103	47,103		263,108	17.90%
2021	46,737	46,737		263,108	17.76%
2022	40,523	40,523		274,839	14.74%
2023	40,117	40,117		288,581	13.90%
2024	40,910	40,910		94,768	43.17%
2025	40,873	40,873		99,506	41.08%

Actuarial Methods and Assumptions Used for Funding Policy

The Authority does not pre-fund benefits. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis and there is not a trust for accumulating plan assets. The following actuarial methods and assumptions were used in the September 1, 2023 accounting valuation.

Valuation Timing

Actuarial valuations are performed biennially as of September 1 for accounting purposes only. The most recent valuation was performed as of September 1, 2023.

Actuarial Cost Method

Entry Age Normal

Amortization Method

Level percent or level dollar

N/A

Closed, open, or layered periods

N/A

Amortization Period

N/A

Amortization Growth Rate

N/A

Inflation

2.30%

Salary Increases

5.00%

Discount Rate

August 31, 2025: 5.23%

August 31, 2024: 3.87%

Healthcare Cost Trend Rates

6.20 for 2023-2025 and ultimately grading down to 3.7% per year in 2072 and beyond.

Retirement

100% at age 65

Mortality

RP-2016 Mortality (headcount weighted) for Employees, Healthy Annuitants, and Contingent Annuitants projected forward (fully generational) with MP-2021

OTHER SUPPLEMENTARY INFORMATION



SAN JACINTO RIVER AUTHORITY

SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL - RAW WATER ENTERPRISE

Year Ended August 31, 2025

	Budgeted Amounts			Variance Over (Under)
	Original	Final	Actual	
<u>Operating Revenues</u>				
Water revenues	\$ 30,550,033	\$ 30,550,033	\$ 27,669,550	\$ (2,880,483)
Permits, licenses and fees	1,212,470	1,212,470	1,226,133	13,663
Total Revenues	<u>31,762,503</u>	<u>31,762,503</u>	<u>28,895,683</u>	<u>(2,866,820)</u>
<u>Operating Expenses</u>				
Current:				
Salaries and wages	5,794,588	5,794,588	5,060,781	(733,807)
Employee insurance and other payroll benefits	2,719,520	2,719,520	1,834,135	(885,385)
Outside services employed	3,292,471	3,292,471	1,829,354	(1,463,117)
Operating supplies and expenses	1,647,506	1,647,506	1,080,053	(567,453)
Rentals	210,566	210,566	91,645	(118,921)
Maintenance, repairs and parts	1,545,800	1,735,800	1,142,882	(592,918)
General and administrative	2,189,442	2,189,442	1,667,492	(521,950)
Depreciation and amortization			3,283,914	3,283,914
Total Expenditures	<u>17,399,893</u>	<u>17,589,893</u>	<u>15,990,256</u>	<u>(1,599,637)</u>
Operating Net Income	14,362,610	14,172,610	12,905,427	(1,267,183)
<u>Nonoperating Revenues (Expenses)</u>				
Interest income	216,000	216,000	1,168,829	952,829
Interest expense on bonds	(1,519,430)	(1,519,430)	(1,521,320)	(1,890)
Other	5,890	5,890	227,746	221,856
Total Nonoperating Revenues (Expenses)	<u>(1,297,540)</u>	<u>(1,297,540)</u>	<u>(124,745)</u>	<u>1,172,795</u>
Income (Loss) Before Contributions and Transfers	<u>\$ 13,065,070</u>	<u>\$ 12,875,070</u>	<u>\$ 12,780,682</u>	<u>\$ (94,388)</u>

SAN JACINTO RIVER AUTHORITY

SCHEDULE OF REVENUES AND EXPENSES - BUDGET AND ACTUAL (BUDGETARY BASIS) WOODLANDS DIVISION

Year Ended August 31, 2025

	Budgeted Amounts		Actual (Budgetary Basis)	Variance Over (Under)
	Original	Final		
<u>Operating Revenues</u>				
Water and sewer service fees	\$ 46,429,035	\$ 41,302,726	\$ 41,780,583	\$ 477,857
Permits, licenses and fees	118,196	118,196	119,197	1,001
Capacity charges	3,281,250	4,691,017	4,692,767	1,750
Total Revenues	49,828,481	46,111,939	46,592,547	480,608
<u>Operating Expenses</u>				
Current:				
Salaries and wages	6,355,086	6,355,086	5,699,927	(655,159)
Employee insurance and other payroll benefits	3,052,148	3,052,148	2,152,617	(899,531)
Outside services employed	19,472,038	19,372,038	19,270,946	(101,092)
Operating supplies and expenses	6,457,792	6,457,792	5,870,178	(587,614)
Rentals	12,000	12,000	15,093	3,093
Maintenance, repairs and parts	4,342,288	4,342,288	2,877,355	(1,464,933)
General and administrative	931,778	931,778	784,553	(147,225)
Depreciation and amortization			8,087,679	8,087,679
Total Expenditures	40,623,130	40,523,130	44,758,348	4,235,218
Operating Net Income (Loss)	9,205,351	5,588,809	1,834,199	(3,754,610)
<u>Nonoperating Revenues (Expenses)</u>				
Interest income	224,400	224,400	3,499,681	3,275,281
Interest expense	(1,354,798)	(1,354,798)	(1,354,798)	
Other			585,994	585,994
Total Nonoperating Revenues	(1,130,398)	(1,130,398)	2,730,877	3,861,275
Income (Loss) Before Contributions and Transfers	\$ 8,074,953	\$ 4,458,411	\$ 4,565,076	\$ 106,665

NOTES TO OTHER SUPPLEMENTARY INFORMATION

The Woodlands Division budget is prepared using a modified cash basis by the Woodlands Division management. The basic goal is to establish water/sewer rates for customers at a level that will provide funds to cover projected annual maintenance and operations expenses plus relatively minor capital asset purchases such as vehicles and office equipment. Since major infrastructure assets are acquired from other capital funds within the Woodlands Division, depreciation is excluded from the Woodlands Division rate calculation and budget.

SAN JACINTO RIVER AUTHORITY
SCHEDULE OF REVENUES AND EXPENSES -
BUDGET AND ACTUAL
GROUNDWATER REDUCTION PLAN DIVISION

Year Ended August 31, 2025

	Budgeted Amounts			Variance Over (Under)
	Original	Final	Actual	
<u>Operating Revenues</u>				
Industrial and Municipal water sales	\$ 326,137.00	\$ 326,137	\$ 355,671	\$ 29,534
Water revenues	59,972,981	59,972,981	68,721,437	8,748,456
Total Revenues	60,299,118	60,299,118	69,077,108	8,777,990
<u>Operating Expenses</u>				
Current:				
Salaries and wages	3,528,336	3,528,336	3,457,201	(71,135)
Employee insurance and other payroll benefits	1,571,270	1,571,270	1,331,231	(240,039)
Outside services employed	2,918,562	2,918,562	1,751,728	(1,166,834)
Operating supplies and expenses	13,918,705	17,395,569	22,347,909	4,952,340
Rentals	4,000	4,000	1,431	(2,569)
Maintenance, repairs and parts	2,955,030	2,955,030	2,468,198	(486,832)
General and administrative	546,246	546,246	343,862	(202,384)
Depreciation			14,652,481	14,652,481
Total Expenditures	25,442,149	28,919,013	46,354,041	17,435,028
Operating Net Income	34,856,969	31,380,105	22,723,067	(8,657,038)
<u>Nonoperating Revenues (Expenses)</u>				
Interest income	93,600	93,600	4,017,423	3,923,823
Interest expense	(16,925,086)	(16,925,086)	(16,709,648)	215,438
Other	34,860	34,860	413,738	378,878
Total Nonoperating Revenues (Expenses)	(16,796,626)	(16,796,626)	(12,278,487)	4,518,139
Income (Loss) Before Contributions and Transfers	\$ 18,060,343	\$ 14,583,479	\$ 10,444,580	\$ (4,138,899)

The Authority's water revenue budget for its Groundwater Reduction Plan is based on rates and estimated water demand established to cover operating expenses, debt service requirements and to fund reserves based on projections of water demand and funding needs.

SAN JACINTO RIVER AUTHORITY

SCHEDULE OF NET POSITION

GROUNDWATER REDUCTION PLAN DIVISION

August 31, 2025

Assets

Current Assets

Cash and cash equivalents	
Unrestricted	\$ 47,178,647
Restricted for debt service	53,430,705
Accounts receivable, inventory and prepaids	13,892,034
Total Current Assets	114,501,386

Noncurrent Assets

2,241,896

Capital Assets - at cost

Land	14,306,156
Land improvements	2,470,693
Furniture and fixtures	2,814,475
Other machinery and equipment	1,070,380
Automobiles and trucks	591,569
Buildings	16,041,905
Water systems	424,131,388
Construction in progress	16,777
Accumulated depreciation	(149,186,779)

Total Capital Assets

312,256,564

Total Noncurrent and Capital Assets

314,498,460

Total Assets

\$ 428,999,846

Liabilities

Current Liabilities

Accounts payable and accrued liabilities - unrestricted	\$ 3,609,852
Restricted for debt services - current portion of bonds	17,185,000
Restricted for debt services - accrued interest payable	6,635,199
Total Current Liabilities	27,430,051

Noncurrent Liabilities

Compensated absences	160,634
First lien water revenue bonds - less current maturities	338,770,000
Unamortized bond premium or discount	95,355

Total Noncurrent Liabilities

339,025,989

Total Liabilities

366,456,040

Net Position

Net Position

Net investment in capital assets	(43,793,791)
Restricted for debt service	46,795,506
Unrestricted	59,542,091

Total Net Position

\$ 62,543,806

SAN JACINTO RIVER AUTHORITY
SCHEDULE OF REVENUES AND EXPENSES
GROUNDWATER REDUCTION PLAN DIVISION

Year Ended August 31, 2025

Operating Revenues

Industrial and Municipal water sales	\$ 355,671
Water revenues (GRP Pumpage and Surface Water Fees)	68,721,437
Total Revenues	<u>69,077,108</u>

Operating Expenses

Current:

Salaries and wages	3,457,201
Employee insurance and other payroll benefits	1,331,231
Outside services employed	1,751,728
Operating supplies and expenses	22,347,909
Rentals	1,431
Maintenance, repairs and parts	2,468,198
General and administrative expenses	343,862
Depreciation	14,652,481
Total Expenditures	<u>46,354,041</u>

Operating Net Income 22,723,067

Nonoperating Revenues (Expenses)

Interest income	4,017,423
Gain (Loss) on disposal of assets	
Amortization of debt issuance costs	7,012
Interest expense on bonds	(16,709,648)
Other	406,726

**Total Nonoperating Revenues
(Expenses)** **(12,278,487)**

Income Before Transfers and Contributions 10,444,580

Transfers 624,387

Change in Net Position 11,068,967

Net Position at Beginning of Year 51,474,839

Net Position at End of Year \$ 62,543,806

SAN JACINTO RIVER AUTHORITY

SCHEDULE OF CASH FLOWS

GROUNDWATER REDUCTION PLAN DIVISION

Year Ended August 31, 2025

Cash Flows from Operating Activities

Cash received from customers	\$ 81,320,028
Cash payments to suppliers for goods and services	(20,908,386)
Cash paid for employee services	(4,798,407)
Other revenues and expenses	406,726
Net Cash Provided by Operating Activities	<u>56,019,961</u>

Cash Flows from Noncapital Financing Activities

Transfers	624,387
Net Cash Provided by Noncapital Financing Activities	<u>624,387</u>

Cash Flows from Capital and Related Financing Activities

Principal paid on bonds	(36,115,000)
Interest paid on bonds	(17,527,446)
Acquisition of capital assets	(176,653)
Net Cash (Used) by Capital and Related Financing Activities	<u>(53,819,099)</u>

Cash Flows from Investing Activities

Interest earned	4,017,423
Net Cash Flows Provided by Investing Activities	<u>4,017,423</u>

Net (Decrease) in Cash and Cash Equivalents 6,842,672

Cash and equivalents at beginning of year 93,766,680

Cash and Equivalents at End of Year **\$ 100,609,352**

Reconciliation of Operating Income (Loss) to Net

Cash Provided by Operating Activities

Operating Income (Loss)	\$ 22,723,067
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:	
Other revenues and expenses	406,726
Depreciation	14,652,481
Bad debt expense	9,861,650
(Increase) decrease in receivables	12,242,920
(Increase) decrease in inventory	15,040
(Increase) decrease in prepaids	(4,079,125)
Increase (decrease) in accounts payable and accrued liabilities	148,396
Increase (decrease) in compensated absences	48,806
Total Adjustments	<u>33,296,894</u>
Net Cash Provided by Operating Activities	<u>\$ 56,019,961</u>

SAN JACINTO RIVER AUTHORITY

SCHEDULE OF CAPITAL ASSETS **LAKE CONROE DAM, RESERVOIR AND RELATED EQUIPMENT**

Year Ended August 31, 2025

Construction in Progress	
Construction in progress - joint	\$ 3,844,042
Total Construction in Progress	<u>3,844,042</u>
Dam and Appurtenances:	
Dam and appurtenances - joint	\$ 23,849,636
Dam and appurtenances - San Jacinto River Authority	592,238
Total Dam and Appurtenances	<u>24,441,874</u>
Buildings and Residences:	
Building - joint	182,869
Residence - joint	165,813
Storage building - joint	52,988
Storage building - San Jacinto River Authority	23,404
Total Buildings and Residences	<u>425,074</u>
Equipment:	
Construction equipment - joint	255,091
Other machinery and equipment - joint	587,468
Boats - joint	81,139
Transportation equipment - San Jacinto River Authority	7,370
Office furniture and fixtures - joint	19,273
Computer software - joint	802,422
Computer hardware - joint	200,851
Communications equipment - joint	3,000
SCADA I/C equipment - joint	49,871
Total Equipment	<u>2,450,238</u>
Land:	
Land, easements, and improvements - joint	13,663,121
Land, easements, and improvements - San Jacinto River Authority	1,498,296
Water supply well rehabilitation - joint	26,471
Total Land	<u>15,187,888</u>
Total Lake Conroe Dam, Reservoir and Related Equipment	46,349,116
Less City of Houston Contribution	<u>(29,485,205)</u>
San Jacinto River Authority's Interest in Lake Conroe Dam, Reservoir and Related Equipment	16,863,911
Less Accumulated Depreciation on San Jacinto River Authority's Interest in Assets	<u>(4,896,497)</u>
Net Interest in Lake Conroe Dam, Reservoir and Related Equipment	<u>\$ 11,967,414</u>

SAN JACINTO RIVER AUTHORITY

INSURANCE COVERAGES

August 31, 2025

Types of Coverages	Amount of Coverage	Insurer	Coverage to
Property Coverages			
Buildings	\$ 336,795,239	TWCA Risk Management Fund	7/1/2026
Contents	15,625,417	TWCA Risk Management Fund	7/1/2026
EDP Equipment	2,136,546	TWCA Risk Management Fund	7/1/2026
Equipment/Contractors Equip	3,042,062	TWCA Risk Management Fund	7/1/2026
Miscellaneous Property & Equipment	5,617,293	TWCA Risk Management Fund	7/1/2026
Rented Equipment	200,000	TWCA Risk Management Fund	7/1/2026
Boiler and Machinery	268,533,523	TWCA Risk Management Fund	7/1/2026
Total Property Coverages	\$ <u>631,950,080</u>		
Automobile:			
Bodily injury and property damage	Combined limit \$1,000,000	TWCA Risk Management Fund	7/1/2026
Excess auto liability	\$9,000,000	TWCA Risk Management Fund	7/1/2026
Physical damage	Actual cash value	TWCA Risk Management Fund	7/1/2026
General Liability	\$1,000,000 per occurrence	TWCA Risk Management Fund	7/1/2026
Excess General Liability	\$9,000,000	TWCA Risk Management Fund	7/1/2026
Public Officials:			
Errors and omissions	\$1,000,000	TWCA Risk Management Fund	7/1/2026
Excess errors and omissions	\$9,000,000	TWCA Risk Management Fund	7/1/2026
GRP Review Committee	\$1,000,000	JI Special Risk Insurance Agency	6/3/2026
Workers' Compensation	Statutory	TWCA Risk Management Fund	7/1/2026

The Authority has reviewed the current limits for its Automobile, General Liability, and Errors and Omissions coverages and determined that the current limits are within the range recommended by the Authority's underwriter and the amounts typically carried by other river authorities and water districts.

SAN JACINTO RIVER AUTHORITY

PRINCIPAL OFFICIALS

August 31, 2025

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Secretary
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STATISTICAL SECTION



This section of the San Jacinto River Authority's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the Authority's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends	90-93
These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time.	
Revenue Capacity	94-96
These schedules contain information to help the reader assess the Authority's most significant local revenue source, the water and sewer service.	
Debt Capacity	97-99
These schedules present information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future.	
Demographic and Economic Information	100-103
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place.	
Operating Information	104-107
These schedules contain service and infrastructure data to help the reader understand how the information in the Authority's financial report relates to the services the Authority provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

SAN JACINTO RIVER AUTHORITY

NET POSITION BY COMPONENT

Last Ten Fiscal Years

	2016	2017	2018	2019
Business-type activities				
Net Investment in capital assets	\$ 76,461,833	\$ 54,705,951	\$ 51,689,036	\$ 57,974,629
Restricted	54,932,005	56,121,250	60,520,121	80,940,146
Unrestricted	38,519,086	41,920,578	48,534,255	33,786,246
Total business-type activities net position	<u>\$ 169,912,924</u>	<u>\$ 152,747,779</u>	<u>\$ 160,743,412</u>	<u>\$ 172,701,021</u>

Notes: The Authority can be involved in governmental activities and business-type activities which would be reported separately in this schedule. The Authority does not currently have any governmental activities.

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 61,352,744	\$ 65,681,398	\$ 73,940,671	\$ 90,488,246	\$ 94,282,605	\$ 121,183,521
75,754,603	86,581,802	87,193,278	90,789,150	127,686,218	124,208,571
52,446,023	50,750,710	74,891,975	105,909,410	99,269,871	102,362,846
<u>\$ 189,553,370</u>	<u>\$ 203,013,910</u>	<u>\$ 236,025,924</u>	<u>\$ 287,186,806</u>	<u>\$ 321,238,694</u>	<u>\$ 347,754,938</u>

SAN JACINTO RIVER AUTHORITY

CHANGES IN NET POSITION

Last Ten Fiscal Years

	2016	2017	2018	2019
Operating Revenues:				
Business-type activities				
Water sales:				
Industrial	\$ 12,622,941	\$ 13,553,382	\$ 14,571,525	\$ 16,532,985
Irrigation	139,677	204,387	120,487	118,548
Water and sewer service fees	67,391,878	73,727,688	77,933,431	69,595,114
Permits, licenses, and fees	1,125,274	1,351,718	1,334,353	1,424,817
Contractual revenues	1,486,056	2,065,619	2,617,142	3,314,511
Capacity charges	3,834,462	3,856,538	3,846,463	9,646,449
Water planning study	359,554	112,377	667,766	470,686
Total business-type activities revenues	86,959,842	94,871,709	101,091,167	101,103,110
Total primary government revenues	<u>\$ 86,959,842</u>	<u>\$ 94,871,709</u>	<u>\$ 101,091,167</u>	<u>\$ 101,103,110</u>
Operating Expenses				
Business-type activities:				
Salaries and wages	\$ 11,724,348	\$ 12,182,806	\$ 12,255,875	\$ 12,511,453
Employee insurance and other payroll benefits	4,715,723	4,924,773	5,179,617	5,493,433
Outside services employed	5,042,298	6,283,542	6,367,524	8,366,993
Operating supplies and expenses	11,252,100	11,732,077	11,849,544	11,958,973
Rentals	85,327	75,774	80,229	67,175
Maintenance, repairs and parts	5,279,400	6,080,155	7,792,350	7,891,447
Water planning study expenses	17,877	1,943	1,479	1,732
Depreciation/amortization	23,527,194	24,446,476	24,381,708	24,170,719
Total business-type activities expenses	61,644,267	65,727,546	67,908,326	70,461,925
Total primary government expenses	<u>\$ 61,644,267</u>	<u>\$ 65,727,546</u>	<u>\$ 67,908,326</u>	<u>\$ 70,461,925</u>
Nonoperating (Expenses) Revenue				
Business-type activities				
Interest income	\$ 396,775	\$ 527,927	\$ 1,408,665	\$ 1,856,573
Gain (Loss) on disposal of capital assets	452,827	588,168	557,773	1,854,993
Other revenues	39,697	675,300	574,180	861,342
Other expenses	(108,133)		(4,015,162)	
Amortization of bond premium or discounts	278,666	273,179	314,621	281,686
Interest expense on bonds	(24,954,257)	(25,644,260)	(25,517,682)	(25,087,078)
Total business-type activities	(23,894,425)	(23,579,686)	(26,677,605)	(20,232,484)
Total primary government	<u>\$ (23,894,425)</u>	<u>\$ (23,579,686)</u>	<u>\$ (26,677,605)</u>	<u>\$ (20,232,484)</u>
General Revenues and Other Change in Net Position				
Business-type activities:				
Capital Contributions/(Distributions)	\$ 1,408,219	\$ (21,992,683)	\$ 1,490,397	\$ 1,548,908
Total business-type activities	1,408,219	(21,992,683)	1,490,397	1,548,908
Total primary government	<u>\$ 1,408,219</u>	<u>\$ (21,992,683)</u>	<u>\$ 1,490,397</u>	<u>\$ 1,548,908</u>
Change in Net Position				
Business-type activities	2,829,369	(16,428,206)	7,995,633	11,957,609
Total primary government	<u>\$ 2,829,369</u>	<u>\$ (16,428,206)</u>	<u>\$ 7,995,633</u>	<u>\$ 11,957,609</u>

Notes: The Authority can be involved in governmental activities and business-type activities which would be reported separately in this schedule. The Authority does not currently have any governmental activities.

Fiscal Year					
2020	2021	2022	2023	2024	2025
\$ 17,287,532	\$ 18,195,773	\$ 18,979,086	\$ 20,273,700	\$ 21,452,932	\$ 23,095,673
110,041	123,746	120,141	128,683	126,400	120,823
80,590,320	78,733,012	96,231,415	108,977,922	94,285,847	93,750,655
1,293,958	1,450,549	1,418,004	1,412,211	1,483,354	1,345,330
4,641,065	3,398,148	3,911,945	3,185,002	3,526,911	3,891,740
3,918,310	3,293,800	3,300,650	4,310,609	3,263,000	4,692,767
744,516	198,998	320,023	377,532	984,321	1,240,628
108,585,742	105,394,026	124,281,264	138,665,659	125,122,765	128,137,616
<u>\$ 108,585,742</u>	<u>\$ 105,394,026</u>	<u>\$ 124,281,264</u>	<u>\$ 138,665,659</u>	<u>\$ 125,122,765</u>	<u>\$ 128,137,616</u>
\$ 12,666,436	\$ 13,157,947	\$ 13,418,772	\$ 15,083,717	\$ 15,212,672	\$ 15,871,336
4,904,352	5,165,348	3,743,106	5,402,815	5,921,220	5,464,707
10,905,653	7,120,511	8,440,887	9,169,685	9,689,245	8,450,794
12,667,800	13,955,163	14,859,879	17,450,096	16,636,317	29,238,337
68,850	70,452	84,370	152,015	116,464	88,702
6,674,429	6,505,053	6,885,976	5,945,408	11,713,112	6,717,620
1,965	1,446	6,847	1,536	0	
24,868,561	24,677,108	25,316,731	24,758,629	26,124,568	26,903,570
72,758,046	70,653,028	72,756,568	77,963,901	85,413,598	92,735,066
<u>\$ 72,758,046</u>	<u>\$ 70,653,028</u>	<u>\$ 72,756,568</u>	<u>\$ 77,963,901</u>	<u>\$ 85,413,598</u>	<u>\$ 92,735,066</u>
\$ 2,353,932	\$ 86,504	\$ 80,292	\$ 7,108,331	\$ 10,968,051	\$ 9,489,655
388,847	128,101	179,206	199,566	95,745	30,604
2,296,497	1,623,571	2,658,030	2,974,663	2,524,086	869,370
461,056	458,854	625,190	643,714	432,525	349,268
(24,754,703)	(23,754,415)	(22,853,363)	(22,089,427)	(21,286,865)	(19,585,766)
(19,254,371)	(21,457,385)	(19,310,645)	(11,163,153)	(7,266,458)	(8,846,869)
<u>\$ (19,254,371)</u>	<u>\$ (21,457,385)</u>	<u>\$ (19,310,645)</u>	<u>\$ (11,163,153)</u>	<u>\$ (7,266,458)</u>	<u>\$ (8,846,869)</u>
\$ 279,024	\$ 176,927	\$ 652,646	\$ 1,622,277	\$ 1,609,179	\$ 1,031,769
279,024	176,927	652,646	1,622,277	1,609,179	1,031,769
<u>\$ 279,024</u>	<u>\$ 176,927</u>	<u>\$ 652,646</u>	<u>\$ 1,622,277</u>	<u>\$ 1,609,179</u>	<u>\$ 1,031,769</u>
16,852,349	13,460,540	32,866,697	51,160,882	34,051,888	27,587,450
<u>\$ 16,852,349</u>	<u>\$ 13,460,540</u>	<u>\$ 32,866,697</u>	<u>\$ 51,160,882</u>	<u>\$ 34,051,888</u>	<u>\$ 27,587,450</u>

SAN JACINTO RIVER AUTHORITY

WOODLANDS DIVISION WATER AND SEWER SERVICE FEES BY SOURCE

Last Ten Fiscal Years

Fiscal Year	Water and Sewer Fees			Total Water Direct Rate	Total WasteWater Direct Rate (1)
	Water	Sewer	Total		
2016	\$ 10,863,349	\$ 12,105,737	\$ 22,969,086	\$ 2.03	\$ 4.15
2017	\$ 11,604,919	\$ 13,289,956	\$ 24,894,875	\$ 2.10	\$ 4.30
2018	\$ 11,279,001	\$ 13,286,432	\$ 24,565,433	\$ 2.10	\$ 4.30
2019	\$ 9,534,666	\$ 12,135,765	\$ 21,670,431	\$ 2.10	\$ 4.30
2020	\$ 10,894,954	\$ 13,117,346	\$ 24,012,300	\$ 2.19	\$ 4.49
2021	\$ 11,006,957	\$ 12,666,410	\$ 23,673,367	\$ 2.26	\$ 4.62
2022	\$ 13,338,892	\$ 13,943,119	\$ 27,282,011	\$ 2.37	\$ 4.85
2023	\$ 15,869,857	\$ 15,893,670	\$ 31,763,528	\$ 2.73	\$ 5.53
2024	\$ 14,875,688	\$ 15,636,623	\$ 30,512,311	\$ 2.78	\$ 5.65
2025	\$ 14,549,934	\$ 16,430,468	\$ 30,980,402	\$ 2.73	\$ 5.65

(1) Direct Rate based on per thousand gallons

SAN JACINTO RIVER AUTHORITY

PRINCIPAL WOODLANDS DIVISION WATER AND SEWER FEES PAYERS

August 31, 2025

Customer	2025**			2016		
	Revenue Base Attributable	Rank	% Base of The total Revenue Base	Revenue Base Attributable	Rank	% Base of The total Revenue Base
MUD 6	\$ 2,564,526	8	6%	\$ 1,388,925	7	6%
MUD 7	\$ 2,868,412	6	7%	\$ 1,703,787	6	8%
MUD 36	\$ 1,523,595	9	4%	\$ 940,597	9	4%
MUD 39	\$ 1,510,565	10	4%	\$ 904,918	10	4%
MUD 1*	\$ 2,777,817	7	7%	\$ 989,894	8	4%
MUD 46	\$ 9,196,299	1	22%	\$ 5,106,406	1	23%
MUD 47	\$ 6,806,085	2	17%	\$ 3,942,849	2	18%
MUD 60	\$ 4,452,596	4	11%	\$ 2,471,089	4	11%
MUD 67	\$ 4,010,410	5	10%	\$ 1,991,696	5	9%
Metro MUD	\$ 5,271,095	3	13%	\$ 2,721,446	3	12%

Note: The requirement for statistical data is ten years.

*Previously reported as MUD 2 & MUD 40

**Includes \$5.1 million in refunds to customers.

SAN JACINTO RIVER AUTHORITY

LIST OF PRINCIPAL CUSTOMERS

August 31, 2025

Raw Water Enterprise

Chevron Phillips Chemical Company
Crosby Municipal Utility District
ECO Services Operations, LLC
Entergy
Exxon Company USA
Lago Bello MUD No. 1A
LCY Elastomers, LP
Newport MUD
Raven Forest Operating, LLC
SJRA - GRP Division

Woodlands Division

Municipal Utility District 1
Municipal Utility District 6
Municipal Utility District 7
Municipal Utility District 36
Municipal Utility District 39
Municipal Utility District 46
Municipal Utility District 47
Municipal Utility District 60
Municipal Utility District 67
Metro Municipal Utility District

Lake Conroe Division

ABN Alliance LLC
APMTS LLC
Bentwater Yacht & Country Club, Ltd.
GPW ONE LLC
Paradise Point Condominiums
Pier 105 Marina, LLC
Seven Coves Association Inc
SHM Walden Marina
Stow-A-Way Marina
The Palms Marina On Lake Conroe

Groundwater Reduction Plan Division

Aqua Texas, Inc.
City of Conroe
City of Magnolia
Montgomery Co. MUD 99, MUD 115 & MUD 127
MSEC Enterprises
New Caney MUD
Quadvest, LP Benders Landing
Rayford Road MUD
SJRA - Woodlands Division
Montgomery Co. MUD 88 & MUD 89

Note: The above customers represent SJRA's principal customers. Because of the long term of SJRA's contracts, the majority of these customers have been customers of SJRA for ten years or more.

SAN JACINTO RIVER AUTHORITY

RATIO OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year	Special Project and Water Revenue Bonds	Business-Type Activities			Total Primary Government	Percentage of Revenue (1)	Percentage of Personal Income (2)	Debt per Population (2)
		Amortization	Loans	Leases				
2016	\$ 634,690,000	\$ 4,151,534	\$ 2,597,001		\$ 641,438,535	732.85%	N/A	N/A
2017	\$ 620,218,355	\$ 3,878,355	\$ 2,310,895		\$ 626,407,605	652.09%	N/A	N/A
2018 (3)	\$ 640,390,000	\$ 3,563,734	\$ 2,010,855		\$ 645,964,589	677.13%	N/A	N/A
2019	\$ 621,065,875	\$ 3,282,047	\$ 1,697,860		\$ 626,045,782	613.52%	N/A	N/A
2020	\$ 597,105,000	\$ 5,514,059	\$ 1,371,156		\$ 603,990,215	551.16%	N/A	N/A
2021 (4)	\$ 575,145,000	\$ 5,055,206		\$ 209,940	\$ 580,410,146	490.32%	N/A	N/A
2022	\$ 547,865,000	\$ 4,430,016		\$ 174,716	\$ 552,469,732	398.17%	N/A	N/A
2023 (4)	\$ 525,295,000	\$ 3,786,302		\$ 219,426	\$ 529,300,728	340.60%	N/A	N/A
2024	\$ 488,095,000	\$ 3,353,778		\$ 162,498	\$ 491,611,276	361.57%	N/A	N/A
2025	\$ 444,845,000	\$ 3,004,510		\$ 103,543	\$ 447,953,053	321.53%	N/A	N/A

(1) Based on operating revenues.

(2) The Authority has no taxation authority, therefore relating the Authority's debt to personal income or population is not applicable. Further, certain of the Authority's customers are industrial or other non-municipal users such that relating the Authority's debt to personal income or population is not applicable.

(3) Increases are reflective of the Woodlands bond issuances.

(4) Increases are reflective of additional leases as disclosed in Note 5.

Note: Details regarding the Authority's outstanding debt can be found in the notes to the financial statements. The Authority's outstanding debt reported above are gross of any amortization or discounts. See Note 6 and 7

SAN JACINTO RIVER AUTHORITY

PLEDGE - REVENUE COVERAGE

Last Ten Fiscal Years

	Water Revenue Bonds											
Fiscal Year	Less		Net Available		Debt Service		Cover Ratio					
	Revenue	Operating Expenses	for Debt Service		Principal	Interest						
All Divisions Except the GRP Division												
2016	\$	15,253,673	\$	5,122,763	\$	10,130,910	\$	2,100,000	\$	2,796,584	2.07	
2017	\$	16,679,811	\$	4,600,229	\$	12,079,582	\$	3,160,000	\$	2,757,433	2.04	
2018	\$	17,198,144	\$	5,025,528	\$	12,172,616	\$	3,260,000	\$	2,625,692	2.07	
2019	\$	18,882,546	\$	5,960,724	\$	12,921,822	\$	3,365,000	\$	2,567,879	2.18	
2020	\$	19,843,757	\$	5,362,557	\$	14,481,200	\$	3,470,000	\$	1,955,500	2.67	
2021	\$	20,585,108	\$	5,230,541	\$	15,354,567	\$	3,400,000	\$	2,266,921	2.71	
2022	\$	21,236,192	\$	4,796,688	\$	16,439,504	\$	3,305,000	*	\$	2,050,930	3.07
2023	\$	22,795,509	\$	7,017,490	\$	15,778,019	\$	3,440,000	\$	1,820,156	3.00	
2024	\$	23,896,525	\$	6,405,586	\$	17,490,939	\$	3,555,000	\$	1,757,528	3.29	
2025	\$	23,769,737	\$	5,546,506	\$	18,223,231	\$	3,205,000	\$	1,637,275	3.76	
GRP Division												
2016	\$		\$		\$		\$		\$			
2017	\$		\$		\$		\$		\$			
2018	\$		\$		\$		\$		\$			
2019	\$		\$		\$		\$		\$			
2020	\$		\$		\$		\$		\$			
2021	\$		\$		\$		\$		\$			
2022	\$		\$		\$		\$		\$			
2023	\$		\$		\$		\$		\$			
2024	\$		\$		\$		\$		\$			
2025	\$		\$		\$		\$		\$			

(1) Excludes early defeasement of bonds

(2) Revenue includes \$12 million in rebate to customers

(3) Revenue includes \$5.1 million in refund to customers

Special Project Revenue Bonds

Revenue	Less Operating Expenses	Net Available for Debt Service	Debt Service		Cover Ratio
			Principal	Interest	
\$ 3,834,462	\$ 3,750	\$ 3,830,712	\$ 3,245,000	\$ 725,139	0.96
\$ 3,856,538	\$ 7,776	\$ 3,848,762	\$ 2,095,000	\$ 1,628,000	1.03
\$ 3,846,463	\$ 2,250	\$ 3,844,213	\$ 2,270,000	\$ 1,517,719	1.01
\$ 37,992,337	\$ 31,903,081	\$ 6,089,256	\$ 2,335,000	\$ 1,933,731	1.43
\$ 42,277,226	\$ 33,887,393	\$ 8,389,833	\$ 4,770,719	\$ 1,835,368	1.27
\$ 40,978,859	\$ 32,133,419	\$ 8,845,440	\$ 4,130,000	\$ 1,756,675	1.50
\$ 47,637,356	\$ 37,140,091	\$ 10,497,265	\$ 3,675,000	\$ 1,679,506	1.96
\$ 54,702,886	\$ 38,818,253	\$ 15,884,633	\$ 3,755,000	\$ 1,592,454	2.97
\$ 51,385,348	\$ 38,817,540	\$ 12,567,808	\$ 3,845,000	\$ 1,541,977	2.33
(3) \$ 46,473,350	\$ 36,670,669	\$ 9,802,681	\$ 3,930,000	\$ 1,353,744	1.86
\$ 45,655,158	\$ 15,577,960	\$ 30,077,198	\$ 13,010,000	\$ 21,316,968	0.88
\$ 50,469,701	\$ 19,627,649	\$ 30,842,052	\$ 13,025,000	\$ 21,337,138	0.90
\$ 55,177,487	\$ 17,690,439	\$ 37,487,048	\$ 13,315,000	\$ 20,914,988	1.10
\$ 49,628,068	\$ 17,049,953	\$ 32,578,115	\$ 13,650,000	\$ 20,713,575	0.95
\$ 58,796,228	\$ 18,732,651	\$ 40,063,577	\$ 14,020,000	\$ 20,340,104	1.17
\$ 56,809,491	\$ 19,297,001	\$ 37,512,490	\$ 14,430,000	\$ 19,930,199	1.09
\$ 69,877,975	\$ 18,232,325	\$ 51,645,650	\$ 14,875,000	\$ 19,482,237	1.50
\$ 77,904,783	\$ 22,157,958	\$ 55,746,825	\$ 15,375,000	\$ 18,983,208	1.62
(2) \$ 60,685,676	\$ 22,288,592	\$ 38,397,084	(1) \$ 15,920,000	\$ 18,720,261	1.11
\$ 69,077,108	\$ 31,701,560	\$ 37,375,548	(1) \$ 16,520,000	\$ 16,709,648	1.12

SAN JACINTO RIVER AUTHORITY

AUTHORITY DEMOGRAPHICS

The SJRA's area comprises all of the territory within the watershed of the San Jacinto River and its tributaries, except the portion of the watershed that lies within the boundaries of Harris County. Such geographical areas consist of all of Montgomery County and parts of Waller, Grimes, Walker, San Jacinto, Liberty and Fort Bend Counties. The SJRA's service area includes all of six counties and part of four counties and more than 30 cities and communities. This geographic diversity in turn provides economic diversity with a combination of agriculture, oil and gas and industry.

The SJRA provides a variety of services to municipal utility districts, industries, and individuals within this service area. The array of services includes water sales and distribution, water treatment, wastewater treatment, laboratory analysis, and recreational opportunities. This diversity allows the local economy to be among the State's growth leaders, outpace the national economy, and create opportunities to foster employment for the population growth in each county. The graphs below and on the following page portray the population and economic base within SJRA's service area.

<u>County/City</u>	<u>Population</u>
Barrett	2,938
Baytown	84,538
Crosby	3,038
Grimes County	30,385
Highlands	7,339
Liberty County	108,272
Montgomery County	711,354
San Jacinto County	27,983
Walker County	81,268
Waller County	59,455

CensusReporter.org

The SJRA serves parts of Walker County, but for the demographic and statistical section above, reports as a whole county.

Educational Attainment

<u>County/City</u>	<u>High School</u>	<u>College</u>
Barrett	87%	17%
Baytown	79%	15%
Crosby	85%	11%
Grimes County	82%	20%
Highlands	82%	13%
Liberty County	80%	11%
Montgomery County	90%	39%
San Jacinto County	84%	16%
Walker County	86%	27%
Waller County	84%	27%

Source CensusReporter.org

The SJRA serves parts of Walker County, but for the demographic and statistical section above, reports as a whole county.

<u>County/City</u>	<u>Median Age</u>	<u>Largest Employers</u>
Barrett	28	Chevron Phillips Chemical Company
Baytown	34	Conroe Independent School District
Crosby	37	Entergy Texas
Grimes County	40	Houston Methodist The Woodlands Hospital
Highlands	37	Lone Star College
Liberty County	33	Memorial Hermann The Woodlands Medical Center
Montgomery County	37	Occidental Petroleum Corporation
San Jacinto County	45	St. Luke's Health
Walker County	37	Texas Children's
Waller County	30	Woodforest National Bank

Source CensusReporter.org; The Woodlands Area Economic Development Partnership

The SJRA serves parts of Walker County, but for the demographic and statistical section above, reports as a whole county.

<u>County/City</u>	<u>Median Household Income (\$)</u>
Barrett	70,594
Baytown	61,699
Crosby	43,795
Grimes County	67,080
Highlands	54,524
Liberty County	77,535
Montgomery County	91,841
San Jacinto County	59,526
Waller County	55,134
Walker County	76,135

CensusReporter.org

The SJRA serves parts of Walker County, but for the demographic and statistical section above, reports as a whole county.

<u>County/City</u>	<u>Unemployment Rate</u>
Barrett	4.7%
Baytown	10.0%
Crosby	4.7%
Grimes County	5.2%
Highlands	4.7%
Liberty County	6.7%
Montgomery County	4.1%
San Jacinto County	5.5%
Walker County	5.1%
Waller County	4.6%

Source Homefacts.com

The SJRA serves parts of Walker County, but for the demographic and statistical section above, reports as a whole county.

SAN JACINTO RIVER AUTHORITY

NUMBER OF EMPLOYEES BY DIVISION

Last Ten Fiscal Years

Division	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Highlands	6	10	11	9	10
Lake Conroe	14	13	14	14	14
Woodlands	42	39	39	37	42
General & Administration	86	80	74	77	76
Groundwater Reduction Plan	29	27	29	26	26
Flood Management				1	1
Total	177	169	167	164	169

Note: This table reports the number of filled, full-time employee positions based on the division in which they are employed. Table does not include budgeted, unfilled positions. Employees in the General & Administration Division provide centralized services to all five operating divisions, and their time and salary costs are allocated to each division based on time worked.

<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
10	11	13	13	11
13	13	12	13	12
34	35	36	33	37
75	74	78	78	81
25	24	25	22	23
2	2	2	1	2
<hr/>				
159	159	166	160	166
<hr/> <hr/>				

SAN JACINTO RIVER AUTHORITY

OPERATING STATISTICS

Last Ten Fiscal Years

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>Raw Water Enterprise (Lake Conroe and Highlands Division)</u>					
Water Delivered (Thousand Gallons)	24,583,145	32,205,585	30,979,017	31,520,814	30,359,231
Water Rights (See detail below)	7	7	7	8	8

Woodlands Division

Water Average Pumpage (Thousand Gallons)	6,015,090	6,132,615	5,927,160	5,068,824	5,680,388
Wastewater Average Flow (Thousand Gallons per Day)	7,960	7,864	7,689	7,760	7,364
Water Permits	1	1	1	1	1
Wastewater Permits	3	3	3	3	3
Storm Water Permits	2	2	2	2	2

Water Rights Permitted at End of Year

<u>Source</u>	<u>Water Right Permit Number</u>	<u>Permitted Amount (afpy)</u>	<u>Date Granted</u>
Lake Conroe	COA 10-4963A	33,333	1987
Lake Houston and Highlands Reservoir	COA 10-4964	55,000	1987
Lake Houston - Effluent Woodlands WWTPs	Permit 5809A	14,944	2004
Lake Houston - Additional Storage	Permit 5807	14,100	2008
Lake Houston - Additional Run of River	Permit 5808	40,000	2009
Lake Houston - Effluent Conroe WWTPs	Permit 13183	11,200	2019
Trinity River - Devers	Permit 5271C	56,000	1995
Trinity River - CLCND	COA 08-4279A	30,000	2005

<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
31,896,926	36,845,113	34,976,767	35,139,450	34,475,868
8	8	8	8	8
5,248,377	5,829,617	6,052,934	5,605,505	5,602,310
7,387	6,972	7,023	7,278	7,073
1	1	1	1	1
3	3	3	3	3
2	2	2	2	2

SAN JACINTO RIVER AUTHORITY

SCHEDULE OF CAPITAL ASSET ADDITIONS

Last Ten Fiscal Years

	2016	2017	2018	2019
Raw Water Enterprise, Highlands, Flood Management and General & Administration				
Land	\$ 462,528	\$ 31,328	\$ 3,811,415	\$ 1,206
Water permits and rights				
Construction in progress	12,317,956	9,439,000	7,808,330	5,522,593
Furniture, fixtures and equipment	52,201	70,175	171,677	84,988
Intangible right-to-use assets				
Other machinery and equipment	178,617	11,732	189,732	34,019
Automobiles and trucks	86,271	66,379	16,066	148,789
Buildings	147,491	12,628		5,696
Water systems	1,378,675	19,779,516	6,434,762	569,257
Lake Conroe Division				
Land	1,833	2,541		
Construction in progress	64,925	609,074	60,182	95,327
Furniture, fixtures and equipment	56,850	2,912	907	1,301
Other machinery and equipment		16,624	76,639	3,905
Automobiles and trucks	10,400	11,373	9,172	16,096
Buildings	87		72,154	
Dams and appurtenances			489,081	
Water systems				
Woodlands and Bear Branch Divisions				
Land				
Land improvements				
Construction in progress	7,941,930	2,318,762	5,850,096	5,990,530
Furniture, fixtures and equipment	14,261	66,713	26,764	27,108
Intangible right-to-use assets				
Other machinery and equipment	337,314	46,714	53,589	91,656
Automobiles and trucks	129,939	57,982	73,207	97,004
Buildings				
Dams and appurtenances				
Water systems	1,758,450	3,297,838		674,106
Wastewater utility systems	1,660,236	7,610,604	146,497	35,966
Capital Improvement Plans				
Groundwater Reduction Plan Division				
Land		12,583,964	586,852	
Construction in Progress	25,045,377	3,239,805	416,023	58,489
Furniture, fixtures and equipment	1,088,875	10,543	19,455	13,536
Other machinery and equipment	342,658	168,058	107,072	86,105
Automobiles and trucks	113,450		25,808	43,363
Buildings	13,186,309	34,680	1,870	
Water systems	417,692,912	1,023,991	2,480,945	5,229
Total Capital Asset Additions	<u>\$ 484,069,545</u>	<u>\$ 60,512,936</u>	<u>\$ 28,928,295</u>	<u>\$ 13,606,269</u>

2020	2021	2022	2023	2024	2025
\$ 172,742	\$ 1,255,966	\$ 25,176	\$	\$ 1,513,052	\$
1,394,463	4,401,510	2,356,335	9,549,961	9,185,117	5,661,035
82,097	48,105	282,444		103,201	2,605,946
	296,302		98,244		
826,825	145,324	165,260	144,463	220,200	181,930
198,841	269,458	156,019	126,096	241,304	212,334
592,304	263,355			24,850	5,132,283
5,059,490	3,202,734		2,964,543	4,367,921	3,087,153
70,690	355,307	636,465	61,063	104,872	855,309
3,345	123,013			8,393	2,638
6,150	2,237	10,397	20,994		40,575
13,502		13,229			22,143
		2,500			
			674,583		145,415
				2,077	
84,949	73,100	63,571	18,650		
					19,237
11,496,920	7,763,035	643,144	1,335,619	3,553,136	3,582,181
68,688	90,980	60,324		83,206	120,146
	69,605				
1,450,429	261,906	42,351	299,536	87,790	42,784
92,707	220,203	19,185	111,228	55,761	66,021
14,297		15,260	37,399		22,144
709,306	3,095,645	52,828	55,193	55,805	132,665
13,447,243	10,672,870	2,327,385	148,915	23,050	151,607
61,097		52,346	754,085	2,578,432	66,407
55,519	78,563	8,450		55,183	310,793
7,102	42,497	27,782	100,137	6,555	187,466
	70,165	57,557	46,907	39,975	
		14,447		24,150	401,619
71,588		23,871	27,842	152,470	2,644,863
<u>\$ 35,980,294</u>	<u>\$ 32,801,880</u>	<u>\$ 7,056,326</u>	<u>\$ 16,575,459</u>	<u>\$ 22,486,500</u>	<u>\$ 25,694,694</u>